



Colluli Project Update: Appointment of Preferred Contactor for Accommodation & Support Services

- RA International appointed as Preferred Contractor for Accommodation and Support Services
- Camp capacity of 600 persons with ability to expand to 1,115 persons during the construction phase

Danakali Limited (ASX: DNK, LSE: DNK, **Danakali** or the **Company**), is pleased to announce that the Colluli Mining Share Company (**CMSC**) has appointed, RA International Group PLC (**RA**), a publicly listed UK company, as its preferred contractor for the supply of Accommodation, Support Services and other infrastructure buildings in support of the Colluli SOP Project development (the "Agreement").

RA is listed on the LSE's AIM (AIM: RAI) and specialises in building, operating, and maintaining facilities in remote and challenging conditions across Africa providing complex humanitarian, governmental, mining, and other commercial developments and services.

RA will supply, deliver and install a Mine Accommodation Camp as well as a Plant Administration and Service facilities for the Colluli mine site. Additionally, RA will provide comprehensive Camp Services incorporating catering, cleaning, laundry, pest and vector control, grounds keeping and waste management. The Plant Administration and Services facilities will incorporate administration offices, medical clinic, warehouses, and workshops (see Figure 1).

The Accommodation Camp has been designed to accommodate 600 persons during the production phase with the flexibility to accommodate 1,115 persons during the construction phase. The 600-person camp capacity is exclusive of camp services personnel which will have an additional camp, provided by RA, located within the overall camp boundary.

Niels Wage, CEO of Danakali, commented: *"I am pleased to announce the appointment of RA International as our preferred accommodation and support services contractor. They have significant experience in executing projects of the scale and quality required for the Colluli Project. We are confident in RA International's capabilities to deliver a high-quality product and service"*.

Soraya Narfeldt, CEO of RA International, commented: *"We are delighted to have been chosen as the preferred contractor to work with Danakali and its partners on this project which we see as globally significant. The United Nations Development Programme (UNDP) has indicated Colluli has the potential to significantly boost the Eritrean economy and have a substantial positive impact on the Sustainable Development Agenda of Eritrea. The appointment of RA International is testament to sound execution of our growth strategy, highlighting continued new business momentum with another significant award in the mining sector."*

Announcement authorised for release by the CEO of Danakali.



Figure 1. Accommodation Camp Colluli Mine Site.

Source: RA International 18 Aug 2020.

About RA International

RA International is a leading provider of services to remote locations in Africa and the Middle East. The Company offers its services through three channels: construction, integrated facilities management and supply chain, and services three main client groups: humanitarian and aid agencies, governments and commercial customers, predominantly in the oil and gas and mining sectors. It has a strong customer base, largely comprising UN agencies, western governments and global corporations.

The Company provides comprehensive, flexible, mission critical support to its clients enabling them to focus on the delivery of their respective businesses and services. Focusing on integrity and values alongside making on-going investment in its people, locations and operations has over time created a reliable and trusted brand within its sector.

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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 (A\$31.8M) 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.

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, production target, forecast financial information and financial assumptions made in this announcement are consistent with assumptions detailed in the Company's ASX announcements dated 25 February 2015, 23 September 2015, 15 August 2016, 1 February 2017, 29 January 2018, and 19 February 2018 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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