



Danakali

Jul 30th 2015

Danakali's pilot plant testing on schedule for Colluli potash

Danakali (ASX:DNK), formally South Boulder Mines, has continued to tick off the milestones during the June quarter as it advances the Colluli Potash Project.

The project which is located in the Danakil region of Eritrea, East Africa, and is a 50/50 project is a joint venture between the Eritrean National Mining Company (ENAMCO).

The Danakil region is an emerging potash province, and one of the largest unexploited potash basins in the world.

To date over 6 billion tonnes of potassium bearing salts suitable for the production of potash fertilisers have been identified.

The potash potential has attracted a number of major international potash producers including both Yara International and ICL who are advancing projects in the region.

September quarter milestones

Danakali's key deliverables for the September quarter include:

- Delivery of JORC compliant rock salt resource;
- Completion of pilot plant testing;
- Completion of water reduction testwork; and
- Preparation work for Colluli mining agreement.

Analyses of rock salt cores have been received to develop a JORC compliant rock salt resource within the 30 year pit shells.

The rock salt sits directly above the potassium bearing salts within the Colluli resource, and is currently treated as waste in the mine plan.

During the period two further pilot test runs are scheduled to be completed, along with grade variation testing to prove the robustness of the process plant design.

Progress of Colluli Definitive Feasibility Study

Substantial positive progress was made on the Definitive Feasibility Study throughout the June quarter.

This included the completion of the Maiden Ore Reserve, production of high quality SOP from piloting tests, continuation of process optimisation testwork, site visits by project engineering and environmental teams, completion and submission of environmental baseline assessments and commencement of site evaporation trials.

1.1 billion tonne Maiden Ore Reserve

In May 2015, AMC Consultants as the competent person assigned a 1.1 billion tonne Ore Reserve Estimate to Colluli, comprising 287 million tonnes of Proved and 820 million tonnes of Probable Ore Reserve.

Mineralisation starts at just 16 metres, making the resource amenable to open cut mining methods.

Price: A\$0.355

Market Cap: A\$61.842M

1 Year Share Price Graph



Share Information

Code: DNK

Listing: ASX

Sector: General Mining

Website: www.danakali.com.au

Company Synopsis:

Danakali (ASX:DNK) formally known as South Boulder Mines is focussed on the world class Colluli Potash Project in Eritrea.

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The Pre-Feasibility Study completed in February 2015 indicates that the Colluli SOP Project will be in the bottom quartile of production costs.

Analysis

The Maiden Reserve assigned for Colluli demonstrates a resource comparable to a number of established world class operations and is significantly larger than all of the other advanced SOP projects.

The large resource will support production growth extending well beyond the two module development approach assigned to the feasibility study case.

This is one of the key reasons why Danakali's shares are currently trading at \$0.35, which is close to double where they started the beginning of the year.

Danakali is well-funded with \$9.1 million in cash at the end of June 2015.

With managing director, Paul Donaldson, leading from the front, Danakali will continue to set, achieve and deliver on milestones in the near-term.

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