



# Danakali

Jul 22<sup>nd</sup> 2015

## Danakali reduces Colluli Potash Project water consumption by 60%

Danakali Limited (ASX:DNK) has successfully reduced by over 60% water consumption requirements for its Colluli Potash Project in Eritrea following completion of process optimisation testwork.

The results will be incorporated into the Definitive Feasibility Study (DFS), which is scheduled for completion in 3Q 2015.

In addition, steady state process potassium recoveries are predicted to be 85%, which is consistent with the PFS mass balance modelling.

Colluli has an ore reserve of 1.1 billion tonnes at 10% K<sub>2</sub>O equivalent and will be developed through a phased approach.

Construction of Phase I processing plant, with an expected capacity of 425,000tpa Sulphate of Potash ("SOP"), could commence in 2016 with production following in 2018.

Paul Donaldson, managing director, commented:

"We are pleased with the outcomes of the optimisation testwork focussing on water consumption reduction.

"The 60% reduction relative to the PFS design should favourably impact the size of the process plant water delivery system and recovery ponds for the definitive feasibility study."

### Optimisation Testwork

Optimisation testwork was initiated in February 2015 following the completion of the Pre-Feasibility Study (PFS) and was completed at the Saskatchewan Research Council (SRC) under the direction of Global Potash Solutions.

PFS mass balance modelling completed in December 2014 identified water consumption requirements of 11 tonnes per tonne of product.

This has now been reduced by over 60% to 3.5 tonnes per tonne of product.

### Colluli Potash Project

Colluli is a 50/50 joint venture between the Eritrean National Mining Company (ENAMCO) and South Boulder that is strategically located 75 kilometres from the coast, making it one of the most accessible potash deposits globally.

In May, the company delivered a globally significant maiden ore reserve of 1.1 billion tonnes at 10% K<sub>2</sub>O equivalent at the Colluli Potash Project in Eritrea.

This contains about 205 million tonnes sulphate of potash (SOP), enough to support a mine life of more than 200 years at modelled production rates.

Adding interest, this Ore Reserve dwarfs many planned and current large scale operations.

**Price:** A\$0.385

**Market Cap:** A\$67.939M

### 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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It also allows the production of other potash products including potassium magnesium sulphate (SOP-M) and potassium chloride (MOP).

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

The prefeasibility study completed in February 2015 indicates that the Colluli SOP Project will be in the bottom quartile of production costs.

## Analysis

Reducing the water consumption requirements for Colluli by over 60% to 3.5 tonnes per tonne of product could improve project economics by reducing the size of the process plant water delivery system and recovery ponds.

This, along with steady state process potassium recoveries predicted at 85%, will be included in the DFS, which is scheduled for completion in 3Q 2015.

Colluli already hosts a world-class ore reserve of 1.1 billion tonnes at 10% K<sub>2</sub>O equivalent, is amendable to open cut mining, and has rivalled proximity to coast.

Danakali is well funded with \$9.5 million in cash as at 26th May 2015.

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