



Danakali

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Danakali diversifies with production of a second premium potash type

Danakali (ASX:DNK) generated a second chloride free, multi-nutrient potash fertiliser, affirming the resource potential of the Colluli potash project to produce a broad range of agri-products, including a suite of premium chloride free, multi-nutrient potash types.

Colluli is a 50/50 joint venture between the Eritrean National Mining Company (ENAMCO).

High quality sulphate of potash magnesia (potassium magnesium sulphate of SOP-M) was generated from salts within the Colluli resource at the Saskatchewan Research Council (SRC).

Product was generated in standard, granular and soluble form. SOP-M carries a price premium over the more common potash type, potassium chloride (muriate of potash or MOP) and has limited production centres globally.

In addition to providing potassium, which is essential to plant health and the defining element of potash, SOP-M also contains sulphur and magnesium which are key nutrients for high value crops and contribute to both crop health of and flavour of the harvest.

The global potash market comprises four potash types; potassium chloride, potassium sulphate, potassium magnesium sulphate and potassium nitrate. Colluli has the capability to produce three of the four potash types, an outcome Danakali attributes to the combination of potassium bearing salts within the Danakil Depression.

In addition to highlighting the potash product diversification potential, Danakali have highlighted the potential monetisation of waste products that will be extracted from the open cut mining operations including rock salt, magnesium chloride, magnesium sulphate and gypsum.

Colluli DFS demonstrates industry leading capital intensity, low development capital and low operating costs

In November 2015, Danakali released the results of a positive Definitive Feasibility Study (DFS) which demonstrates not only industry leading capital intensity and low development costs, but also that the project has low incremental growth capital which Danakali attributes to the shallow mineralisation of the resource.

The project also demonstrates bottom quartile operating cost curve position, allowing the project to deliver industry leading returns throughout the commodity cycle.

Scoping Study underway

Danakali has initiated scoping work to assess the impact of the addition of SOP-M to the second module of the project development.

Given the low incremental growth capital demonstrated by the DFS, and the premium price of SOP-M, there could be as highly favourable economic uplift to the highly favourable DFS released in November 2015.

Building the foundations of a multi agri-commodity and salt business

Price: A\$0.26

Market Cap: A\$42.185M

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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With the production of two premium, chloride free multi nutrient potash products, the establishment of a large, high quality, JORC 2012 compliant rock salt resource containing over 300 million tonnes, and the capability to produce potassium chloride and potentially monetise magnesium chloride and magnesium sulphate, Danakali is building the foundation of a multi agri-commodity and salt business.

It will have a product suite similar to United States producer Compass Minerals and German potash and salt giant K+S.

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