



Danakali Ltd

Jul 21st 2016

Danakali Ltd attracts more offtake interest for Colluli products

Danakali Ltd (ASX:DNK) holds a 50% equity interest in the tier 1 Colluli Potash Project located in the East African country, Eritrea.

Colluli continues to attract offtake interest, and has signed non-binding memoranda of understandings (MOU's) for the supply of 200,000 tonnes per annum of potassium magnesium sulphate (sulphate of potash or SOP-M).

SOP-M represents the second premium, chloride free, multi-nutrient potash type from the Colluli resource, which is one of the closest potash deposits to a coastline globally, and is the shallowest known evaporite deposit in the world.

There is little to none of this supply coming on stream in the medium term, providing the opportunity for Danakali.

Paul Donaldson, managing director, commented:

"The signed MOUs and negotiations underway with potential offtakers highlight that soluble, chloride free, multinutrient potash types are in high global demand.

"SOP-M is quite simple to produce utilising the processing design developed for the Colluli definite feasibility study."

Colluli update

The definitive feasibility study on Colluli was completed in November 2015 and the project is currently awaiting mining license approvals.

The study forecast the project to have industry leading capital intensity, bottom quartile operating costs and an ore reserve of 1.1 billion tonnes.

During June 2016, representatives from the relevant government ministries assigned to the license approvals process visited the Colluli site to commence project evaluation.

The site was also visited by the Minister of Energy and Mines and a team of senior officials.

Project funding discussions are underway.

Offtake agreements

The signing of this MOU represents the second offtake agreement signed by Danakali for product from Colluli.

The company previously signed a non-binding MoU's for 800,000 tonnes per annum of sulphate of potash (SOP) in April, 2016.

The most recent offtake agreement is for SOP-M, which has the potential to add significant value to the Colluli project as a second revenue source, and currently trades in excess of US\$450 per tonne.

Offtake discussions are progressing towards binding agreements.

Price: A\$0.385

Market Cap: A\$77.466M

1 Year Share Price Graph



Share Information

Code: DNK

Listing: ASX

Sector: General Mining

Website: www.danakali.com.au

Company Synopsis:

Danakali Ltd (ASX:DNK) is focussed on the world class Colluli Potash Project in Eritrea.

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Broker spotlight

Danakali maintains broker support from:

- Baillieu Holst, Buy recommendation, \$0.50 price target.
- Hartleys, Speculative Buy recommendation, \$0.66 price target; and
- Somers and Partners, Buy recommendation, \$1.03 price target.

The share price is up 50% over the past 3 months, currently trading at \$0.40.

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