

Danakali Ltd

16:34 02 Aug 2018

Danakali continues to progress Eritrean sulphate of potash project towards development

Danakali Ltd (ASX:DNK) (LSE:DNK) has achieved significant progress towards the development of its Colluli Potash Project in Eritrea, East Africa during the quarter ended June 30, 2018.

The company also crossed a major milestone by starting to trade on the London Stock Exchange (LSE) from July 24, 2018.

READ: Danakali lists on the London Stock Exchange

The LSE listing is expected to help Danakali access capital from the London market.

The company, its advisers to the LSE listing and other UK stakeholders 'ring the bell'

Danakali's new coverage research analyst at Bell Potter, David Coates, recently released his maiden research report on the company, with a speculative buy recommendation and a fair value of \$1.19 per share.

READ: Bell Potter research report

Notably, Danakali's shares traded up to 94 cents on the ASX this week, representing the highest share price levels since early 2012.

During the last quarter, Danakali signed a binding offtake agreement for the sulphate of potash (SOP) production from its Colluli project.

READ: Danakali signs offtake deal for full production from Colluli Potash Project

The offtake deal has been signed with EuroChem Trading GmbH, a leading global producer of nitrogen, phosphate and potash fertilizers.

As per the offtake deal, EuroChem will take, pay, market and distribute up to 100% (minimum 87%) of Colluli module I SOP production.

READ: Danakali's advanced potash project is a cut above the rest

EuroChem may use a portion of the Colluli SOP to produce complex nitrogen-phosphate-potassium (NPK) fertilisers at its facilities in Antwerp, Belgium and Nevinomyssk, Russia.

Price: A\$0.785

Market Cap: A\$207.57M

1 Year Share Price Graph



Share Information

Code: DNK

Listing: ASX

52 week High Low
A\$0.94 A\$0.56

Sector: Mining

Website: www.danakali.com.au

Company Synopsis:

Danakali Ltd (ASX:DNK) is developing the Colluli Potash Project, a world class greenfield SOP development project based in Eritrea. The Project is 100% owned by the Colluli Mining Share Company (CMSC) which is a 50:50 joint venture between Danakali and the Eritrean National Mining Company.

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Eritrean officials visit Ethiopia for first time in 20 years

Danakali has witnessed significant positive developments in Eritrean-Ethiopian relations throughout June and July 2018.

Eritrean President Isaiya Afewerki and Ethiopian Prime Minister Abiy Ahmed recently announced the re-establishment of diplomatic and trade ties.

The progress with Ethiopia has been very well received in Eritrea, with ongoing celebrations taking place

Importantly, the progress in relations between Eritrea and Ethiopia enhances the opportunities for increased economic development for Eritrea and represents a de-risking event for foreign investments.

The company's cash position at June 30, 2018, was \$14.4 million.

Key activities planned for the September 2018 quarter include:

- Confirmation of preferred EPCM contractor
- Confirmation of preferred mining contractor, finalisation of negotiations and advancement of contract terms
- Continue due diligence process for debt portion of project financing
- Extensive investor awareness exercises in the UK and other jurisdictions
- Detailed assessment of operations readiness processes and systems to position Danakali and CMSC for development and production

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