Corporate snapshot

**Financial information**

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<tbody>
<tr>
<td>Share price (1-Oct-15)</td>
<td>A$0.330</td>
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<tr>
<td>Number of shares¹</td>
<td>174.2m</td>
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<tr>
<td><strong>Market capitalisation</strong></td>
<td>A$57.5m</td>
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<tr>
<td>Cash (16-Sep-15)</td>
<td>A$6.2m</td>
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<tr>
<td>Debt (16-Sep-15)</td>
<td>Nil</td>
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<td><strong>Enterprise Value</strong></td>
<td>A$51.3m</td>
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Source: IRESS, company filings

Note:
1 Excludes 15.8m unlisted options on issue (exercise prices A$0.28 – 1.95; expiry Nov 2015 – May 2018)

**Top shareholders**

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<thead>
<tr>
<th>Shareholder</th>
<th>Percentage</th>
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<tr>
<td>Well Efficient <em>(Hong Kong private investor)</em></td>
<td>12%</td>
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<tr>
<td>Sprott Asset Management</td>
<td>7%</td>
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<tr>
<td>Kam Lung Investment Dev. <em>(private investor)</em></td>
<td>5%</td>
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<tr>
<td>Danakali Board and management</td>
<td>11%</td>
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**Top 20 shareholders** 63%

**Share price (A$)**

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<td>Oct-14</td>
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<td>Jan-15</td>
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<td>Apr-15</td>
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<td>Jul-15</td>
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<td>Oct-15</td>
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**Volume traded (m)**

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<td>1.8</td>
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<td>1.5</td>
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<td>1.2</td>
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<td>0.9</td>
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<tr>
<td>0.6</td>
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<tr>
<td>0.3</td>
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Volume DNK S&P/ASX Small Resources Index (rebased)
Overview

Danakali Limited (ASX:DNK) is working in partnership with the Eritrean National Mining Company (ENAMCO) to develop the Colluli Potash Project.

Colluli is a **stand-out potash resource** globally and is **positively unique**

- Large, long life, **expandable resource**
- **Strategic project location** with proximity to key emerging markets and proximity to coast
- **World’s shallowest evaporite deposit** gives Colluli unique cost, operational and growth advantages
- Positive prefeasibility economics with **predicted bottom quartile cost curve position**
- Colluli resource hosts a range of salts suitable for **product diversification**

**DANAKALI IS AN EMERGING AGRICHEMICAL COMPANY DEVELOPING A WORLD-CLASS POTASH PROJECT**
What is potash?

POTASH PROVIDES POTASSIUM - AN ESSENTIAL CROP NUTRIENT AND CRUCIAL TO MEET THE FOOD NEEDS OF THE FUTURE

Potash overview

- Potash is a generic term used to describe a variety of potassium bearing minerals and manufactured chemicals used primarily as fertiliser
  - Potash is essential to the world’s food supply
  - Non substitutable

- Potash types are differentiated by chemistry
  - Different crop applications
  - Different prices
  - Production and global resources vary substantially between potash types
Potash: strong macro supply and demand fundamentals

GLOBAL POTASH MARKET IS DRIVEN BY POPULATION GROWTH AND A DECLINE IN ARABLE LAND

- Strong demand growth for potash is driven by three macro themes:
  - Growing population
  - Reduction in arable land
  - Changing dietary preferences
- Population growth in developing countries is the expected key driver for potash demand
  - 98% of population growth will be driven by less developed regions
  - 62% of the population increase and a large portion of potash demand from Africa alone
- Sulphate of potash is one of the best performing commodities since the peaks in 2011

Source: United Nations, FAO, Parthenon Analysis, EPM Mining
Note:
1 US$ commodity price performance from May 2011
Sulphate of potash (SOP) is the premium potash product

DEVELOPERS THAT PRODUCE SOP WILL REALISE HIGHER PRICES AND MAXIMISE RETURNS FOR INVESTORS

Major potassium products

- Muriate of potash (MOP)
  - Improves yield for wide range of crops
  - Most concentrated form of granular potassium
  - Demand is elastic
  - Market is well supplied by global potash majors
  - Generally higher development costs

- Sulphate of potash (SOP)
  - Improves yield of high value crops
  - Suitable for chloride intolerant crops
  - Demand is inelastic
  - Global supply shortage of primary resources
  - Sulphur is a key nutrient
  - Fewer natural sources
  - Lower costs

SOP prices have traded at a sustained premium

Source: Compass Minerals 2015 quarterly report, Greenmarkets
Note:
1 Based on FOB Vancouver prices
An emerging potash province of global significance

COLLULI IS A PREMIER POTASH DEPOSIT LOCATED IN THE WORLD CLASS DANAKIL BASIN

- World class SOP project in the Danakil Basin
  - Strategic location close to key growth markets
  - Surrounded by global potash majors (ICL, Yara)

- At 75km from the Red Sea Coast, and 180km from the Port of Massawa, Colluli is the closest SOP project to a coastline globally and in close proximity to established shipping infrastructure
Colluli is at the epicentre of global population growth

Colluli is located at the epicentre of booming population growth in Africa and Asia

Global population growth

Billions

- **Europe**
  - 1970: 0.66
  - 2015: 0.74
  - 2050: 0.71

- **China**
  - 1970: 0.81
  - 2015: 1.40
  - 2050: 1.38

- **Africa**
  - 1970: 0.37
  - 2015: 1.17
  - 2050: 2.39

- **India**
  - 1970: 0.56
  - 2015: 1.28
  - 2050: 1.62

- **Other Asia**
  - 1970: 0.76
  - 2015: 1.70
  - 2050: 2.16

- **Oceania**
  - 1970: 0.02
  - 2015: 0.04
  - 2050: 0.06

Constrained supply of premium SOP developments

**DANAKALI’S PROJECT HAS A HIGHLY STRATEGIC LOCATION IN A MARKET WITH LIMITED SUPPLY GROWTH OPTIONS**

Limited low cost SOP resources globally

<table>
<thead>
<tr>
<th>Project</th>
<th>Capex (US$m)</th>
<th>Reserves (Mt)</th>
<th>Capital intensity (US$/t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ochoa New Mexico IC Potash</td>
<td>1,018</td>
<td>182</td>
<td>1,714</td>
</tr>
<tr>
<td>Sevier Lake Utah, USA</td>
<td>378</td>
<td>na$^1$</td>
<td>1,260</td>
</tr>
<tr>
<td>Blawn Mountain Utah, USA</td>
<td>1,100</td>
<td>426</td>
<td>1,429</td>
</tr>
<tr>
<td>Colluli Eritrea Danakali (50%)</td>
<td>442</td>
<td>1,107</td>
<td>1,087</td>
</tr>
</tbody>
</table>

Source: Company announcements (IC Ochoa N43-101 DFS; EPM Sevier Lake, PFS; Potash Ridge PFS; Danakali PFS)

Note:

1. Mineral Reserves for EPM Sevier Lake to be established following pilot-testing from Feasibility Study. Project includes a Measured and Indicated Resource of 31.5Mt
Shallow mineralisation provides a unique advantage

**COLLULI IS THE WORLD’S SHALLOWEST POTASH PROJECT RESULTING IN LOWER DEVELOPMENT AND OPERATING COSTS**

- Mineralisation **commences at just 16m below surface**
- Shallow mineralisation provides Colluli with **several unique advantages**
  - **Reduced capital intensity**
  - Superior resource utilisation
  - Substantially **reduced risk profile**
  - High degree of selectivity of different potassium salt types
  - **Significant expandability** with lower marginal capex per tonne
  - Upside from non potassium salt products can be readily commercialised
**Benefits of the modular development approach**

### Modular Development Will Minimise Upfront CAPEX and Optimise Shareholder Returns

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<th>Module 1</th>
<th>Module 2</th>
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<tbody>
<tr>
<td>Total capex (100% basis)</td>
<td>US$442m</td>
<td>US$282m</td>
<td>-36%</td>
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<tr>
<td>Incremental production</td>
<td>+425ktpa</td>
<td>+425ktpa</td>
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<tr>
<td>Timing</td>
<td>2018</td>
<td>2020+</td>
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<tr>
<td>Post tax IRR</td>
<td>22.3%</td>
<td>25.9%</td>
<td>+16%</td>
</tr>
<tr>
<td>Danakali NPV (50% basis)</td>
<td>US$206m</td>
<td>US$397m</td>
<td>+93%</td>
</tr>
<tr>
<td>Mine gate cash costs</td>
<td>US$162/t</td>
<td>US$141/t</td>
<td>-13%</td>
</tr>
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</table>

- Increasingly NPV accretive modular development
- Potential to **fund subsequent Modules using organic cash flows and project finance**
- **Superior returns to be unlocked** with staged development
- Reduction in upfront capex **de-risks funding**
Outstanding scale and project economics

- **COMPARABLE SCALE TO THE WORLD’S LARGEST DEPOSITS AND BOTTOM QUARTILE CASH COSTS TO DRIVE PROFITABILITY**

**Scale of Colluli is truly world class**

Potash reserves for selected projects (Mt)

![Graph showing potash reserves for Colluli and other projects.](image)

**Bottom quartile cost position protects margins**

Ex-works cash costs for SOP production (US$/t)

![Graph showing ex-works cash costs for SOP production.](image)

- Large opportunity for Colluli to displace high cost supply
- Bottom quartile cost position
- Provides insulation in the event of a SOP price decline

Source: Company websites, Potash Corp annual report, CRU Research, EPM Mining presentation 2014, Integer Research
Large resource underpins substantial future growth

SCALE OF THE COLLULI POTASH PROJECT MEANS IT IS EXPECTED TO GROW FOR DECADES TO COME

- The vast scale of Colluli allows a staged approach to monetising the extent of the resource
  - This allows the Colluli JV to balance market penetration, funding requirements and shareholder returns
- The initial production will focus on high margin, high quality sulphate of potash (SOP) production
  - Mine and infrastructure will be leveraged to develop further processing facilities and exploit more of the Colluli resource with the introduction of magnesium sulphate, gypsum and magnesium chloride
- Scale of the resource underpins decades of production from the modular development

Colluli resource hosts multiple products

- Multiple products including:
  - Potassium sulphate
  - Potassium magnesium sulphate
  - Potassium chloride
  - Gypsum

Diversified and expanded processing plan
The Eritrean investment opportunity

ERITREA IS ONE OF THE FASTEST GROWING GLOBAL ECONOMIES AND IS SUPPORTIVE OF MINING INVESTMENT

Overview of Eritrea

- Eritrea was ranked 11th fastest growing economy globally in 2014, at 8% p.a.
- Growth driven by strong mineral exports, agricultural output and infrastructure development
- Stable government with 24 years of independence

Location of Eritrea and the Colluli project

Gross domestic product growth

Year on year change (%)

- Sub-Saharan Africa
- Eritrea

Supportive mining laws in Eritrea

- A stable tax regime
- Accelerated depreciation – straight line over 4 years
- Generous reinvestment deduction (5% gross income)
- 10 year carrying forward of losses
- 0.5% import duty on mining inputs
- Simple “one stop” licensing system
A proven mining jurisdiction

BISHA JV AND GLOBALLY RECOGNISED NEVSUN INVESTORS SHOW ERITREA IS A STURDY EMERGING MARKET INVESTMENT

Proven investment jurisdiction

- Nevsun Resources (TSX: NVS) is a major Eritrean-focused mining company
  - JV constructed and now operates the Bisha copper mine
  - **Successful modular JV development** with ENAMCO paves the way for the Colluli JV
  - Significant shareholders in Nevsun are **globally recognised investors** who are comfortable with Eritrean investment
- Relationship with ENAMCO will generate significant benefits to the Colluli project
  - Relationship with ENAMCO remains strong
  - ENAMCO tie-up assists with establishment of positive local relationships
  - Danakali currently have 3 of 5 Joint Venture board seats

Significant Eritrean institutional investors

- C$777m market capitalisation
- Major shareholders
  - ~19% (C$148m holding)
  - 19% (C$145m holding)
  - 5% (C$36m holding)

Major Eritrean mining developments

- **Bisha**
  - Undergoing third expansion
- **Zara**
  - Commissioning
- **Asmara**
  - Recently awarded mining agreement

Source: Nevsun Resources August 2015 corporate presentation, Bloomberg, company websites
Development timeline

**COLLUli JV HAS RAPIDLY PROGRESSED ITS DEFINITIVE FEASIBILITY STUDY AND IS ADVANCING TOWARDS CONSTRUCTION**

- Delivery of the Definitive Feasibility Study remains the key immediate focus (*expected 4Q 2015*)
- Upon completion of the Definitive Feasibility Study, focus will then move to financing and detailed engineering work streams (*expected early 2016*)

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**Complete**

**Upcoming**
STRONG OPERATIONAL AND LEADERSHIP TEAM ASSEMBLED
WITH A TRACK RECORD OF SUCCESS

Seamus Cornelius
Non-Executive Chairman
Corporate law and negotiations
- 21+ years experience in legal and commercial negotiations
- Current Chairman of Buxton Resources, Duketon Mining & Montezuma Mining

Paul Donaldson
CEO and MD
Mining senior management
- Extensive experience in large scale open cut mine management, supply chain logistics, mineral processing, business improvement and marketing
- Formally held a series of senior management positions with BHP Billiton

Liam Cornelius
Non-Executive Director
Geology and exploration
- Founding Director providing guidance on project generation, fund raising and strategic direction
- 20 years experience in commodity exploration within Australia, Asia and Africa

Tony Kiernan
Non-Executive Director
Commercial law and mining
- 25+ years experience in the commercial law, corporate advisory and government relations within the mining industry
- Chairman of BC Iron, Venturex Resources and Chalice Gold Mines with previous operations in Eritrea

John Fitzgerald
Non-Executive Director
Corporate Finance and banking
- Managing Director of Optimum Capital, specialising in corporate debt and advice in the mining sector
- Chairman of Atherton Resources (previously Mungana Goldmines) and Director of Northern Star Resources

James Durrant
Colluli Study Manager
Engineering and operations
- Extensive experience in project management, organisational design and operational management of large scale open cut mines
- Previously held a series of operational roles with BHP Billiton
Investment highlights

- Danakali is the **premier pre-production potash opportunity** on the ASX
- Globally, Colluli is a **stand-out potash resource given large size and strategic location**
- Colluli will produce **premium potash products**, maximising returns for investors
- **Modular development will minimise upfront capex** and optimise shareholder returns
- Colluli will generate **significant cash flows** once operational
- **Predicted bottom quartile cost curve position** means Colluli will generate sustainable industry-leading returns in any commodity market cycle
- The Danakil region has unrivalled potential to produce **a diversity of fertiliser products** and provide **valuable strategic options across multiple product markets**
- Colluli is **located at the epicentre of booming population growth** in Africa and Asia, while also lying close to traditional Middle Eastern and European markets

**DANAKALI IS AN EMERGING AGRICHEMICAL COMPANY**
**DEVELOPING A WORLD-CLASS POTASH PROJECT**
Thank You
Forward Looking Statements and Disclaimer

The information in this presentation is published to inform you about Danakali Limited (the “Company” or “DNK”) and its activities. DNK has endeavoured to ensure that the information in this presentation is accurate at the time of release, and that it accurately reflects the Company’s intentions. All statements in this presentation, other than statements of historical facts, that address future production, project development, reserve or resource potential, exploration drilling, exploitation activities, corporate transactions and events or developments that the ‘Company expects to occur, are forward-looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices of potash and, exploitation and exploration successes, capital and operating costs, changes in project parameters as plans continue to be evaluated, continued availability of capital and financing and general economic, market or business conditions, as well as those factors disclosed in the Company’s filed documents.

There can be no assurance that the development of the Colluli Project will proceed as planned. Accordingly, readers should not place undue reliance on forward looking information. Mineral Resources and Ore Reserves have been estimated using the Australian JORC (2012) Code (‘JORC 2012’). To the extent permitted by law, the Company accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this presentation. Recipients should make their own enquiries in relation to any investment decisions.

Material resource and financial assumptions made in this presentation are consistent with assumptions detailed in the Company’s ASX announcements dated 25 February 2015, 4 March 2015 and 19 May 2015, which continue to apply and have not materially changed. The Company is not aware of any new information or data that materially affects assumptions made.
Competent persons statement

Resource Statement

Colluli has a JORC 2012 compliant Measured, Indicated and Inferred Mineral Resource estimate of 1,289Mt @11% K20. The resource contains 303Mt @ 10.98% K20 of Measured Resources, 951Mt @ 10.89% K20 of Indicated Resources and 35Mt @ 10.28% K20 of Inferred Resources. The information in this report relating to the Colluli Mineral Resource was compiled by Mr. John Tyrell, under the supervision of Mr. Stephen Halabura M. Sc. P. Geo. Fellow of Engineers Canada (Hon), Fellow of Geoscientists Canada, and as a geologist with over 25 years experience in the potash mining industry. Mr. Tyrell is a member of the Australian Institute of Mining and Metallurgy and a full time employee of AMC. Mr. Tyrell has more than 25 years experience in the field of Mineral Resource estimation. Mr. Halabura is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan, a Recognised Professional Organisation (RPO) under the JORC Code and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr. Tyrell & Mr. Halabura consent to the inclusion of information relating to the Resource Statement in the form and context in which it appears.

Reserve Statement

The JORC 2012 compliant Ore Reserve estimate for Colluli is 1,107Mt @ 10% K20 comprising 287Mt Proved and 820Mt Probable Ore Reserve. Mark Chesher is the Competent Person for the 2015 Colluli Ore Reserve estimate, and supervised preparation of the Ore Reserve estimate with assistance from specialists in each area of the study. Mr. Chesher is a Fellow of the Australasian Institute of Mining and Metallurgy, a Chartered Professional, and is a full-time employee of AMC Consultants Pty Ltd. He has sufficient open pit mining activity experience relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code 2012. Mr Chesher consents to the inclusion of information relating to the Ore Reserve in the form and context in which it appears. In undertaking the assignments referred to in this report, AMC Consultants Pty Ltd acted as an independent party, has no interest in the outcome of the Colluli Project and has no business relationship with Danakali Ltd other than undertaking those individual technical consulting assignments as engaged, and being paid according to standard per diem rates with reimbursement for out-of-pocket expenses. Therefore, AMC Consultants Pty Ltd and the Competent Person believe that there is no conflict of interest in undertaking the assignments which are the subject of this statement.