Colluli Potash Project
Focus, progress and unrivalled potential

Paul Donaldson, Managing Director
RUI Sydney Resources Round Up Conference
10 – 11 May 2017
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 enclosed 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 reported according to the JORC Code, 2012 Edition. 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.

Mineral Resource, Ore Reserve 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, 19 May 2015, 23 September 2015, 30 November 2015, 15 August 2016 and 1 February 2017 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.
HIGHLIGHTS

Colluli is a world class development and meets all the criteria of a Tier 1 project

- Large, long life, high quality resource close to coast and global markets
- One of the highest grade sulphate of potash resources in the world
- Shallowest known evaporite deposit globally
- Sulphatic salts extracted in solid form
- 60km from the coast and 200km from established shipping infrastructure
- 1.3 billion tonne potassium resource containing a 1.1 billion tonne reserve\(^1,2\)
- Estimated mine life in excess of 200 years based on DFS production rates\(^4\)

Sulphate of Potash (SOP) is a premium potash type

- Premium, chloride free potash type providing both potassium and sulphur\(^3\)
- Economically exploitable primary resources are geologically scarce
- Limited advanced stage primary projects in the development pipeline
- Supply gap has been bridged by high cost, manufactured secondary product which provides price support for primary producers\(^3\)

Positive DFS demonstrates outstanding economics

- Colluli demonstrates the most favourable economics relative to all advanced stage SOP projects globally\(^4\)
- Low development capital\(^4\)
- Industry leading capital intensity\(^4\)
- Bottom quartile operating costs\(^4\)
- Low incremental growth capital\(^4\)

\(^1\) ASX Announcement, 25th February 2015
\(^2\) ASX Announcement, 19th May 2015
\(^3\) CRU Consultants, Integer Research
\(^4\) ASX Announcement, November 2015
HIGHLIGHTS

Front end engineering design optimisation highly favourable

- SOP output increase of over 10% following processing plant debottlenecking
- Development capital reduction opportunities identified (water reduction, elimination of offsite infrastructure, pit development approach and processing plant footprint size reduction) and being progressed

Simple, commercially proven production process

- Production of SOP from kainite and sylvite is a proven, low cost, high yield process utilising simple, proven mineral processing units

Unrivalled diversification and upside potential

- The Colluli resource has the capability of producing a multi agri-commodity suite including sulphate of potash (SOP), sulphate of potash magnesia (SOP-M), Muriate of Potash (MOP), polyhalite, magnesium sulphate (kieserite fertiliser) and gypsum
- In addition, the resource comprises over 300 million tonnes of high quality rock salt and appreciable amounts of magnesium chloride

Fully permitted

- Mining agreement signed
- Mining licenses awarded
- Social, Environmental Impact Assessment Approved

Offtake discussions well progressed

- MOU’s signed for entire product volume. Heads of agreements progressing with completion targeted for the end of Q2

1. ASX Announcement, 3rd May 2017
2. ASX Announcement, 1st February 2017
3. ASX Announcement, 20th July 2016
4. ASX Announcement, 6th December 2016
Corporate Snapshot

Financial information
(As of 30th April 2017)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share price</td>
<td>A$0.655</td>
</tr>
<tr>
<td>Number of shares</td>
<td>226m</td>
</tr>
<tr>
<td>Market capitalisation</td>
<td>A$148m</td>
</tr>
<tr>
<td>Cash (30-Apr-17)</td>
<td>A$8.6m</td>
</tr>
<tr>
<td>Debt (30-Apr-17)</td>
<td>Nil</td>
</tr>
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</table>

Top Shareholders

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well Efficient</td>
<td>13.4%</td>
</tr>
<tr>
<td>Hong Kong private investor</td>
<td></td>
</tr>
<tr>
<td>JP Morgan Asset Management (UK)</td>
<td>9.4%</td>
</tr>
<tr>
<td>Danakali Board members</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

Highly Experienced Board

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Experience and Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Seamus Cornelius</td>
<td>Experienced mining executive and corporate lawyer with over 20 years experience in the resources sector. Chairman of Duketon Mining, Montezuma Mining, and Buxton Resources</td>
</tr>
<tr>
<td>Managing Director</td>
<td>Paul Donaldson</td>
<td>Mining executive with over 25 years in mining, manufacturing and marketing, large scale mining operational management and project management experience.</td>
</tr>
<tr>
<td>Non-Executive Director</td>
<td>Robert Connochie</td>
<td>A mining specialist with over 40 years of industry experience including senior executive and director positions for a number of private and public companies and industry associations. Particular experience in the potash industry, and has managed both development and operating companies. Has advised on valuations, transactions, both project and corporate financing and marketing strategies. Currently a Non-Executive Director of Behre Dolbear, Australia and Behre Dolbear, International.</td>
</tr>
<tr>
<td>Non-Executive Director</td>
<td>John Fitzgerald</td>
<td>Experienced mining executive specialising in corporate debt and advice in the mining sector. Chairman of Dakota Resources and Director of Northern Star Resources</td>
</tr>
<tr>
<td>Non-Executive Director</td>
<td>Zhang Jing</td>
<td>More than 15 years of international trading and business development experience and project management roles in public listed companies in China</td>
</tr>
<tr>
<td>Non-Executive Director</td>
<td>Liam Cornelius</td>
<td>Founding Director with over 20 years experience in commodity exploration within Australia, Asia and Africa</td>
</tr>
</tbody>
</table>

12 Month Share price performance

Share Price ($A) vs Volume Traded (m)

Source: IRESS
Sulphate of Potash (SOP) is the premium potash

**SOP IS A HIGH VALUE, CHLORIDE FREE SOURCE OF POTASSIUM**

**Premium Price**
- Sustained price premium of over 100% relative to MOP\(^1\)
- Secondary production provides high margins for primary producers

**Essential Macro-nutrient**
- Potassium is an essential, non-substitutable nutrient
- SOP critical for high value, chloride intolerant crops such as fruits, nuts and vegetables
- SOP also provides sulphur

**Limited supply**
- Limited economically exploitable primary resources
- Currently over 50% of world’s supply is from expensive secondary processing of MOP (KCl)\(^2\)

**Increasing Importance**
- Demographic shift to high value specialty crops
- Environmentally friendly – no chlorine, low salinity index
- Highly suited to increased focus on improved water efficiency in agricultural sector

**Over 60% expected to be produced from high cost secondary production by the end of the decade**\(^2\)

**30% increase in demand forecast over the next decade**\(^2\)

Source: Greenmarkets
1. MOP prices based on FOB Vancouver prices, SOP prices based on FOB Utah prices
2. CRU, Integer Research
Continued demand growth with increasing global population and changing dietary preferences

**COLLULI IS STRATEGICALLY LOCATED RELATIVE TO TRADITIONAL AND FUTURE SOP MARKETS**

- SOP ranks as the second largest potassium containing compound on a tonnage basis in the world\(^1\)
- Colluli is located at the epicentre of booming population growth and is proximate to current and future markets
- Africa, India and Central and South America will dominate future demand growth
- Significant demand upside as:
  - Diets in emerging economies shift to higher contributions from fruits and vegetables
  - India relaxes fertiliser subsidies
  - Increased focus on soil salinity management

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**2020 – 2050 forecast CAGR by region\(^1\)**

<table>
<thead>
<tr>
<th>Region</th>
<th>2020 - 2050 Forecast CAGR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>0.5%</td>
</tr>
<tr>
<td>Europe and CIS</td>
<td>0.8%</td>
</tr>
<tr>
<td>Central and South America</td>
<td>2.4%</td>
</tr>
<tr>
<td>China</td>
<td>1.1%</td>
</tr>
<tr>
<td>Africa</td>
<td>2.7%</td>
</tr>
<tr>
<td>India</td>
<td>1.8%</td>
</tr>
<tr>
<td>RoW</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

\(^1\) CRU, Danakali Research, Integer Research
SOP demand is outpacing low cost supply with few primary projects in the development pipeline

LACK OF NEW LOW COST SUPPLY HAS RESULTED IN A SOP PRICE PREMIUM OF OVER 130% OVER MOP

- Lack of new supply outside of China has resulted in a significant price premium increase of SOP over MOP
- Market currently values SOP at more than double the MOP price

Premium of SOP over MOP versus time

SOP Price Premium ($US)

SOP premium over MOP has grown to over 130%
Limited ECONOMICALLY EXPLOITABLE primary resources

OVER 60% OF SOP DEMAND WILL COME FROM HIGH COST SECONDARY PRODUCTION BY 2020

SOP Production costs (FOB basis)$

$US per tonne

Cumulative production, tonnes

% SOP from secondary production

Increasing SOP supply from high cost, secondary production creates ongoing price support

1 CRU, Danakali Research, Integer Research
ON TOP OF ROBUST DEMAND GROWTH, CHANGES TO INDIAN FERTILISER SUBSIDY SYSTEM WOULD BE TRANSFORMATIVE

- Chloride intolerant crop area in India is 91% of the chloride intolerant crop area of China - but SOP consumption is 2.5% of China\(^1\)
- Indian fertiliser subsidy scheme skews consumption to nitrogenous fertilisers\(^1\)
- K is underutilised and only MOP is subsidised\(^1\)
- A market orientated pricing policy for all fertilisers will dramatically increase SOP demand
- If SOP application rates matched USA rates, India consumption would increase by 1.4m tpa\(^{1,2}\)
- If application rates matched China rates, India consumption would increase by 2.5m tpa\(^{1,2}\)

1. CRU
2. Calculated from US SOP application rates of 32kg per hectare and China rates of 57kg per hectare
Colluli
A world class project
One of the highest grade SOP deposits on the globe

- Colluli is a premium resource and one of the highest grade SOP deposits in the world\(^1\)

- Very high potassium content and very low waste to product (W:P) ratios

- A broad quality and salt composition range exists in potassium brines – brines are not the same

- Higher W:P ratio brines typically require higher evaporation rates, large capital intensive evaporation ponds and high volumes of waste salt management

1. Colluli DFS mine plan - Colluli waste includes all overburden (clastics, rock salt) and salt extracted in processing operations
2. BC Insight Fertiliser Magazine
3. Waste calculated from total dissolved solids (TDS) data on company websites (sum of all salts in brine less SOP product). Brine waste associated with trenching has been excluded from the calculation (favouring a lower waste to product ratio to the greenfield brine projects). Potassium yields of 70% assumed for brines.
The ONLY primary SOP resource that allows extraction and processing of salts in solid form

THE SALT COMBINATION AND PRESENTATION PROVIDES SIGNIFICANT ADVANTAGES RELATIVE TO BRINE ALTERNATIVES

- Higher potassium yields
- Simplicity
  - Brine chemistry management is complex
  - Colluli processing plant utilises simple, proven, mineral processing units
- Lower energy input
  - Colluli salts require no heating. In contrast, potassium brines can require heating to over \textbf{50}^{\circ}\text{C} for thermal decomposition\textsuperscript{1,2}
- Consistent, predictable feed grade
- Production rates not weather dependent
  - Production rates from brines directly proportional to weather conditions
- Smaller footprint
  - No pre-production ponds

\textsuperscript{1. Potash, Garret. P, pp441 – 445}
\textsuperscript{2. Reward Minerals Presentation, 2013}
Close proximity established infrastructure, coast and key markets

Sealed road running from Massawa towards Colluli

All weather coastal road from Massawa runs within 50km of Colluli

Well established shipping infrastructure at the Port of Massawa

Colluli has the best and simplest logistics in the Danakil

Colluli is the closest sulphate of potash project to export infrastructure anywhere in the world

Km to export facility

Source: DNK Research
Significant advantages over the alternative primary production from potassium brines

**Simple processing** – Crush – Float – Mix – Dry - Truck

**Colluli contains the right combination of potassium salts for ambient temperature conversion to SOP**

- The combination of sylvite and kainite in the Colluli resource is ideal for ambient temperature, high yield conversion to SOP
- Resources lacking sufficient sylvite require thermal decomposition typically at approximately 50°C which increases energy intensity and reduces yield
- Heated brines typically achieve potassium yield 10% to 15% lower than ambient conversion
Industry leading capital intensity

INDUSTRY LEADING CAPITAL INTENSITY AND LOW DEVELOPMENT CAPITAL RENDERS COLLULI HIGHLY FUNDABLE

The Colluli resource is positively unique:

- Colluli has the right combination of potassium salts for low cost, high yield SOP production
- It is the shallowest evaporite deposit in the world – making it amenable to open cut mining
- Extraction of salts in solid form negates the need for large evaporation ponds – reducing capital intensity
- Mining and processing salts in solid form will result in stable, consistent, and reliable production

Source: DNK Company announcements, Company websites
Outstanding DFS economics

Colluli dominates other projects with respect to valuation outcomes

Key DFS results

<table>
<thead>
<tr>
<th>Metric</th>
<th>Phase I</th>
<th>Phase I and II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>425kt</td>
<td>850kt</td>
</tr>
<tr>
<td>Strip ratio</td>
<td>1.91</td>
<td>1.93</td>
</tr>
<tr>
<td>Post tax NPV (10% real)</td>
<td>US$439m</td>
<td>US$860m</td>
</tr>
<tr>
<td>Post tax IRR</td>
<td>25.4%</td>
<td>29.0%</td>
</tr>
<tr>
<td>Post tax NPV (10% real)</td>
<td>US$206m</td>
<td>US$397m</td>
</tr>
<tr>
<td>Post tax IRR</td>
<td>22.3%(^2)</td>
<td>25.9%(^2)</td>
</tr>
<tr>
<td>Capital</td>
<td>US$298m</td>
<td>US$175m</td>
</tr>
</tbody>
</table>

1 In accordance with CMSC Shareholders Agreement
2 Third party debt estimated at 60% of project funding

Source: DNK Company announcements, Company websites
Front End Engineering Design (FEED) Optimisation Builds on Superior Economics

SIGNIFICANT VALUE UPLIFT IDENTIFIED IN FEED PROCESS

- Over 10% additional expected production capacity for both Module I and Module II liberated in optimisation phase\(^1\)

- Development capital reduction opportunities identified\(^1\):
  - Potential elimination of offsite water delivery pipeline and coastal desalination plant
  - Significant reduction in processing plant footprint size
  - Reduced pit development costs

- Construction schedule optimisation underway

1 ASX Announcement, 3rd May 2017
Eritrea – safe, stable and progressive

DANAKALI HAS BEEN OPERATING IN ERITREA SINCE 2009 AND HAS FOUND IT TO BE SAFE, STABLE AND DEVELOPMENT FOCUSED

Positive Eritrean outlook

- Fraser Institute Mining survey ranked Eritrea 6 of 20 for African mining investment ahead of jurisdictions such as South Africa, Zambia, Tanzania and Mozambique\(^1\)

- Building a successful track record in successful mining operations - two mines in production and third under construction

- The Danakali experience in Eritrea:
  - Safe and friendly
  - High degree of focus on health and education
  - Development focussed with an emphasis on the agricultural, industrial and mining sectors
  - Stable government
  - Building up a track record of success in a maturing mining industry
  - No evidence of corruption
  - Gender equality

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1. 2015 Fraser Institute Annual Survey of Mining Companies
Partnership with ENAMCO continues to be a key enabler for the project development

**DNK AND ENAMCO ARE ADVANCING A WORLD CLASS POTASH PROJECT**

**Government support and strategic alliance**

- Eritrea is a stable jurisdiction with a rapidly emerging mining industry.
- Danakali has a strong, effective working relationship with the Government through its joint venture.
- Agreement with the Eritrean National Mining Corporation (ENAMCO).
  - ENAMCO and Danakali each hold a 50% ownership in the Colluli Mining Share Company.
  - Project Development Costs for initial development will be funded by up to 70% debt and 30% equity.
  - The CMSC board was established following the incorporation of CMSC in March 2014. The board is overseeing the project development.
  - CMSC has a board of 5, with 3 members from Danakali and 2 from ENAMCO.

The structure allows Government direct insight into the mining industry, which is an important part of Eritrea’s development.

CMSC Chairman, Seamus Cornelius and Minister of Energy and Mines, Sebhat Ephrem at the Mining Agreement signing
An excellent track record of delivery

DANAKALI HAS DEVELOPED A STRONG TRACK RECORD OF DELIVERY

- Scoping study complete ✓
- Positive Preliminary Feasibility study complete ✓
- Independent technical review of PFS complete ✓
- PFS Optimisation work complete ✓
- Pilot plant tests complete ✓
- Product samples generated and distributed ✓
- Social and Environmental Impact Assessment complete ✓
- Positive Definitive Feasibility Study Complete ✓
- Head of Marketing Appointed ✓
- Product MOU’s signed ✓
- Debt Advisor Appointed ✓
- Equity Advisor Appointed ✓
- Mining Agreement signed ✓
- Mining Licenses Awarded ✓
- Front end engineering optimisation completed ✓
- Project construction manager appointed ✓
2017 Plan well progressed

- Finalise the Mining Agreement and Mining License: Complete
- Complete front end engineering and optimisation: Optimisation Complete
- Commence geotechnical work at recovery pond site: Underway
- Continue building organisational capability: Project Manager appointed
- Finalise equipment lists and develop procurement plans and vendor packages: Underway
- Tender key contracts – mining and power generation: Underway
- Finalise detailed construction schedule: Underway
- Commence organisational readiness planning: Pending
- Convert product MOUs to Heads of Agreements: Underway
- Finalise project funding and commence construction: Underway
Summary

• SOP is a **high quality, chloride free potash** with **limited economically exploitable primary resources**

• Colluli is **the most attractive and advanced stage primary SOP production project in the world**

• Colluli is the most **fundable and scalable potash project with unrivalled resource, diversification and growth potential, and access to global markets**

• The project is in **close proximity to established infrastructure**, and has **standout economics relative to peers**

• Front end engineering design optimisation **complete**

• Contract tendering **has commenced**

• Mining Agreement **has been signed** and Mining License **Awarded**

• Offtake MOUs are **progressing to high level commercial terms under Heads of Agreements**
Colluli
Positively Unique
Competent persons statement

Resource statement

The 2015 Colluli Potash Mineral Resource is reported according to the JORC Code and estimated at 1,289Mt @11% K2O Equiv. The Mineral Resource is classed as 303Mt @ 11% K2O Equiv Measured, 951Mt @ 11% K2O Equiv Indicated and 35Mt @ 10% K2O Equiv Inferred. The Competent Person for this estimate is Mr. Stephen Halabura, M. Sc., P. Geo., Fellow of Engineers Canada (Hon), Fellow of Geoscientists Canada, and a geologist with over 25 years’ experience in the potash mining industry. 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 JORC Code.

The 2015 Colluli Rock Salt Mineral Resource is reported according to the JORC Code and estimated at 347Mt @96.9% NaCl. The Mineral Resource is classed as 28Mt @ 97.2% NaCl Measured, 180Mt @ 96.6% NaCl Indicated and 139Mt @ 97.2% NaCl Inferred. The Competent Person for this estimate is Mr. John Tyrrell, a geologist with more than 25 years’ experience in the field of Mineral Resource estimation. Mr Tyrrell is a member of the AusIMM, is a full time employee of AMC Consultants Pty Ltd 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 JORC Code.

Mr. Tyrell & Mr. Halabura consent to the inclusion of information relating to the Mineral Resource Statements in the form and context in which they appear.

Ore Reserve statement

The November 2015 Colluli Ore Reserve is reported according to the JORC Code and estimated at 1,113Mt @10% K2O Equiv. The Ore Reserve is classed as 286Mt @ 11% K2O Equiv Proved and 827Mt @ 10% K2O Equiv Probable. The Competent Person for the estimate is Mr Mark Chesher, a mining engineer with more than 30 years’ experience in the mining industry. Mr. Chesher is a Fellow of the AusIMM, a Chartered Professional, a full-time employee of AMC Consultants Pty Ltd, and 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. Mr Chesher consents to the inclusion of information relating to the Ore Reserve in the form and context in which it appears.

In reporting the Mineral Resources and Ore Reserves referred to in this public release, 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 Persons believe that there is no conflict of interest in undertaking the assignments which are the subject of the statements.
Colluli - A World class SOP project with no peer

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**THE MOST ADVANCED SOP PROJECT IN THE WORLD WITH UNRIVALLED GROWTH AND DIVERSIFICATION POTENTIAL**

<table>
<thead>
<tr>
<th>Fully permitted and construction ready</th>
<th>• Construction ready</th>
<th>• Mining Agreement signed</th>
<th>• Mining Licenses Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding Economics</td>
<td>• Industry leading capital intensity</td>
<td>• Low incremental growth capital</td>
<td>• Bottom quartile cost curve position</td>
</tr>
<tr>
<td>Premium product with limited global production centres</td>
<td>• Chloride free</td>
<td>• Multi-nutrient</td>
<td>• Limited supply</td>
</tr>
<tr>
<td>• Limited supply</td>
<td>• Lack of economically exploitable primary resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positively unique with unrivalled growth and diversification potential</td>
<td>• Salts in solid form – a key advantage over potassium brines and solution mines</td>
<td>• Unique capability to produce <strong>diverse range of potash types</strong></td>
<td>• The right combination of potassium salts for low energy, high yield conversion to SOP</td>
</tr>
<tr>
<td>• Monetisation potential for kieserite, gypsum, magnesium chloride and sodium chloride</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercially proven process</td>
<td>• Same production process as current low cost producers</td>
<td>• Process design tested and confirmed</td>
<td></td>
</tr>
<tr>
<td>Unrivalled access to coast and global markets</td>
<td>• Epicentre of booming population growth</td>
<td>• 200 km from export facility</td>
<td></td>
</tr>
<tr>
<td>• 60 km from Red Sea Coast</td>
<td>• One of the highest grade SOP deposits in the world</td>
<td>• Significantly lower waste generation than potassium rich brines</td>
<td></td>
</tr>
<tr>
<td>Exceptional feed grade</td>
<td>• One of the highest grade SOP deposits in the world</td>
<td>• Significantly lower waste generation than potassium rich brines</td>
<td></td>
</tr>
</tbody>
</table>

1 Danakali DFS 30 November 2015
The most advanced greenfield primary production SOP project globally

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Outcome</th>
</tr>
</thead>
</table>
| Positive DFS complete                         | ✓ Simple, commercially proven process  
|                                                | ✓ Independent technical review of process design, mass balances, evaporation trials and metallurgical test program completed  
| **Unrivalled economics relative to all advanced SOP projects** | ✓ Low development capital  
|                                                | ✓ Industry leading capital intensity  
|                                                | ✓ Bottom quartile operating cost curve position  
|                                                | ✓ World class ore reserve comprising over 1bt

| Debt and equity advisors appointed           | ✓ Endeavour Financial appointed as advisor to secure debt funding for the project  
|                                            | ✓ Hannam and Partners appointed as equity advisor  

| Offtake MOUs progressing to HoAs             | ✓ MOU’s signed for 800kt per annum of SOP²  
|                                            | ✓ Offtake discussions progressing towards Heads of Agreement (HoAs)  

| Front end engineering design and optimisation underway | ✓ Site visits completed  
|                                                        | ✓ Fluor appointed as FEED lead  
|                                                        | ✓ Global Potash Solutions, Knight Piésold and Elemental Engineering appointed to FEED team  
|                                                        | ✓ FEED optimisation phase well progressed  

| Mining agreement signed and licenses awarded | ✓ Social and Environmental Impact Assessment (SEIA) approved  
|                                            | ✓ Mining agreement signed off³  
|                                            | ✓ Mining licenses awarded³  

1 Danakali DFS 30 November 2015  
2 ASX Announcement 25 July 2016  
3 ASX Announcement 1st February 2017
Simple, energy efficient, commercially proven technology WITH THE BEST COMBINATION OF SALTS

PRODUCTION OF SOP FROM COLLULI SALTS OCCURS WITH SIMPLE PROCESSES INCLUDING FLOTATION, MIXING AND DRYING

Simple processing – Crush – Float – Mix – Dry - Truck

Colluli contains the right combination of potassium salts for ambient temperature conversion to SOP

- The combination of sylvite and kainite is ideal for ambient temperature, high yield conversion to SOP
- No thermal decomposition required
- Heated brines typically achieve potassium yield 10% to 15% lower than ambient conversion
Long-term economic, social and community dividends

ENGAGEMENT WITH COMMUNITY AND KEY STAKEHOLDERS HAS GENERATED STRONG SUPPORT FOR COLLULI DEVELOPMENT

Colluli will create over 300 permanent jobs for locals and Eritrean nationals by 2019, and over 450 by 2025
Colluli continues to positively advance

**Front End Engineering and Design (FEED) Initiated**
- Globally recognised, highly reputable, multi-national construction and engineering company, Fluor have been appointed to lead the FEED and optimisation process
- Global Potash Solutions, Knight Piésold and Elemental Engineering appointed to FEED team
- Optimisation workshops underway with focus on capital and operating cost reduction

**Offtake Discussions Well Progressed**
- MOUs now converting to Heads of Agreement
- High level commercial terms outlined
- Continued high level of interest in product offtake

**Mining Agreement and Mining License**
- DFS submitted to Ministry of Energy and Mines
- SEIA approved in December
- Mining agreement and license discussions have been progressing over the past few months and are nearing completion
## Monetisation potential beyond SOP

### Unrivalled multi agri-commodity potential

<table>
<thead>
<tr>
<th>Major potassium products</th>
<th>MOP</th>
<th>SOP</th>
<th>SOP-M</th>
<th>Kieserite</th>
<th>Gypsum</th>
</tr>
</thead>
<tbody>
<tr>
<td>~85% of potash supply</td>
<td>• Improves yield for wide range of crops</td>
<td>• Danakali’s key focus</td>
<td>• Demonstrated production from Colluli</td>
<td>• An effective source of both magnesium and sulphur (magnesium sulphate)</td>
<td>• Source of calcium and sulphur</td>
</tr>
<tr>
<td>~10% of potash supply</td>
<td>• Most concentrated form of granular potassium</td>
<td>• Improves yield of high value crops</td>
<td>• Limited supply and carries a price premium</td>
<td>• Suitable for all types of crops and use in any soil type</td>
<td>• Improves soil structure and water infiltration</td>
</tr>
<tr>
<td>~3% of potash supply</td>
<td>• Demand is elastic (easy to substitute)</td>
<td>• Suitable for chloride intolerant crops</td>
<td>• High grade, chloride free premium fertiliser</td>
<td>• Identified in potassium salt seams</td>
<td>• Reduces run off erosion</td>
</tr>
<tr>
<td></td>
<td>• Market is well supplied by global potash majors</td>
<td>• Demand is inelastic (not as easy to substitute, premium product leads to sticky demand)</td>
<td>• Multi-nutrient fertiliser suitable for crops where three major nutrients are required</td>
<td>• Volumes currently being evaluated</td>
<td>• Detected within the Colluli tenements</td>
</tr>
<tr>
<td></td>
<td>• Generally higher development costs</td>
<td>• Global supply shortage of primary resources</td>
<td>• SOP-M production ability confirms Colluli’s multi agri-commodity business potential</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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1. CRU

### Additional agri-product potential

- **Kieserite**
  - Source of calcium and sulphur
  - Improves acid soils and treats aluminium toxicity
  - Improves soil structure and water infiltration
  - Reduces run off erosion
  - Detected within the Colluli tenements

- **Gypsum**
  - An effective source of both magnesium and sulphur (magnesium sulphate)
  - Suitable for all types of crops and use in any soil type
  - Identified in potassium salt seams
  - Volumes currently being evaluated
  - Detected within the Colluli tenements

- **Major potassium products**
  - Monetisation potential beyond SOP
SOP demand will increase by over 30% over the next decade

**SOP IS A MULTI-NUTRIENT FERTILISER ESSENTIAL FOR HIGH VALUE, CHLORIDE INTOLERANT CROPS**

- A significant increase in global SOP consumption is forecast \(^1\)
- 33% increase in demand for high value fruit and vegetables till 2050\(^3\)
- Colluli is well positioned as an advanced stage project to take advantage of global growth

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Orange without SOP\(^2\)

Orange with SOP\(^2\)

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1. CRU
2. IC Potash
3. FAO
East African location is geographically favourable for current and future key markets

**BY 2050 25% OF THE WORLD’S POPULATION WILL BE AFRICAN**

![World Population Map](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>Africa’s Population</th>
<th>Accounts for</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>230 million</td>
<td>9%</td>
</tr>
<tr>
<td>2015</td>
<td>1.2 billion</td>
<td>16%</td>
</tr>
<tr>
<td>2050</td>
<td>2.4 billion</td>
<td>25%</td>
</tr>
<tr>
<td>2100</td>
<td>4.2 billion</td>
<td>39%</td>
</tr>
</tbody>
</table>

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1. Unicef
THERE ARE MULTIPLE HIGH PROFILE EXAMPLE OF MINING INVESTMENT IN ERITREA

Eritrean mining background

• Nevsun Resources (TSX:NSU) is a major Eritrean-focused mining company
  • JV company formed with ENACMO and now operates Bisha copper mine
  • Successful modular JV development with ENAMCO paves the way for Colluli JV
  • Significant shareholders in Nevsun are globally recognised investors who have demonstrated comfort with investment in Eritrea
• Purchase of 60% of Asmara (copper, zinc, gold) by Chinese investor for C$85m
• Joint venture agreement and relationship with ENAMCO is a key enabler of project success

Major Eritrean mining developments

Bisha
Completed third expansion

Zara
Commissioned and producing

Asmara
Currently commencing construction

Shareholders
Blackrock
Vanguard
Franklin Templeton

Supportive laws for mining investment

• A stable tax regime, with corporate tax rate of 38%
• 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

...and there have been no changes to mining legislation in Eritrea

Source: Nevsun Resources August 2015 corporate presentation, Bloomberg, company websites
**Nevsun Resources – Case study**

**Cumulative Capex Spend**  >  US$600m

**Shareholder dividend**  >  US$100m

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**Nevsun market capitalisation compared to commodities performances**

- **US$m**
  - Nevsun
  - Gold
  - Silver
  - Copper

**Capex invested by Nevsun into Bisha mine and dividend paid to shareholders**

- **US$m**
  - Nevsun capex on Bisha
  - Dividend paid to shareholders
  - Accumulated Nevsun capex on Bisha
  - Accumulated dividend paid to shareholders

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Source: Company filings and S&P Capital IQ as of 23 November 2016

Note: All prices rebased to Nevsun market cap