Annual General Meeting presentation

Danakali Limited (ASX: DNK, LSE: DNK, Danakali or the Company) is pleased to announce that the Company’s Chief Executive Officer, Mr. Niels Wage, will present today at the Company’s Annual General Meeting. The presentation materials are attached to this announcement.

For more information, please contact:

Danakali
Niels Wage
Chief Executive Officer
+61 8 6189 8635

William Sandover
Head of Corporate Development & External Affairs
+61 499 776 998

Corporate Broker – Numis Securities
John Prior / Matthew Hasson / James Black / Paul Gillam
+44 (0)20 7260 1000

UK IR/PR – Instinctif Partners
David Simonson / Sarah Hourahane
danakali@instinctif.com
+44 (0)207 457 2020
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. 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 Resources and Ore Reserves have been reported according to the JORC Code, 2012 Edition. 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, 1 February 2017, 29 January 2018 and 19 February 2018 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.
2018 and year to date in review

Danakali has established a strong platform for finalising funding and moving towards project execution

### 1Q 2018

**FEED** completed confirming advanced, economically attractive project¹
- First quartile operating costs: US$242/t²
- Industry leading capital intensity: US$534/t²
- Project post-tax NPV: US$902M
- Project post-tax: IRR 29.9%

### 2Q 2018

**Binding offtake agreement**³
- EuroChem will take, pay, market and distribute up to 100% of Colluli Module I Sulphate of Potash (SOP) production
- 10-year term with 3-year extension option

### 3Q 2018

**Social and Environmental Management Plans** agreed and finalised⁴

Danakali completed listing on **London Stock Exchange**⁵

### 3Q 2018 cont.

**DRA Global** confirmed as preferred **EPCM contractor**⁶

### 4Q 2018

**US$200M CMSC senior debt term sheet** executed⁷
- Funding for construction and development of Colluli
- Supported by African development finance institutions Afreximbank and AFC

### 1Q 2019

**UNDP report** released highlighting Colluli’s potential to contribute to Eritrean economy and 13 of the UN Sustainable Development Goals⁸

Appointment of **Niels Wage** as **CEO**⁹
Corporate snapshot

Strong share price performance; increase of >290% since Jan-15

- Commenced trading on the LSE on 24 July 2018
- Supportive major shareholders including Well Efficient (13.2%) and J.P. Morgan Asset Management (7.6%)
- Board and Senior Management holds over 5%

Source: BellDirect, LSE website, S&P CapIQ

ASX values as at close on 24-May-19, LSE values as at close on 23-May-19; “Shares on issue” does not include 5.23M unlisted options with exercise prices ranging from A$0.543 to A$1.108 and expiry dates ranging from 20-Jun-19 to 13-Mar-22, or 1.32M performance rights

Exchange rate of £0.54/A$
SOP – The premium potash type

Potassium is one of the 3 key plant macronutrients, along with Nitrogen and Phosphorous

- Potassium is essential for plant life
  - Improves crop quality
  - Increases nitrogen uptake
  - Increases water use efficiencies
- There are 4 potash types:
  - SOP – used on high value crops (primary Danakali focus)
  - SOP-M – used on high value crops (secondary Danakali focus)
  - MOP – used on low value crops
  - NOP – can only be produced artificially

Key plant macronutrients

- Nitrogen (N)
- Potassium (K)
- Phosphorous (P)

2 highest volume potash types

- MOP
  - KCl
  - ~67Mtpa (2017)\(^1\)
  - <US$300/t
  - Low value chloride tolerant crops
  - Demand is elastic (easy to substitute)
  - Market is well supplied by global potash majors
  - Generally higher development costs

- SOP
  - K\(_2\)SO\(_4\)
  - ~7Mtpa (2017)
  - >US$500/t
  - High value chloride sensitive crops
  - Demand is inelastic (difficult to substitute)
  - Global supply shortage of primary resources
  - High margin

Source: Integer Research, Argus, CRU
\(^1\) Includes MOP converted to SOP via Mannheim Process (see page 6)
SOP – Key demand drivers

The SOP market is profitable, growing and increasingly undersupplied

Key demand drivers:
1. Global population growth
2. Reduction in arable land per capita
3. Changing dietary preferences
4. Under-application in developing countries
5. Water availability

The world’s population is set to increase by almost a third by 2050, from 7Bn to 9Bn

Arable land per person globally continues to dramatically decrease from 62% of a soccer pitch in 1960 to 33% in 2005 and expected to be 25% by 2050

Source: Integer Research, United Nations world population prospects (2015), Food and Agriculture Organization of the UN (arable land and average SOP use per area of SOP crops)
SOP – Supply dynamics

SOP is generated by either primary or secondary production processes

Primary production
- Primary production occurs directly from solid salts or brines
- Primary resources are scarce and currently insufficient to meet demand outside of China
- Primary producers usually have lower production costs
- Limited primary production growth outside of China
- Colluli is the only known greenfield or producing SOP project with solid salt open-cut potential

Secondary production
- Accounts for >50% of global production
- High production costs due to costly inputs, energy requirements and acid disposal
- MOP required as an input – MOP price plus conversion costs provides attractive price floor for SOP
- Major Mannheim supply from Europe and China
  - Egypt, India and Southeast Asia also contribute
- Colluli is well positioned to displace high-cost Mannheim production

The Mannheim Process (secondary production)
-曼海姆过程（次级生产过程）
- Accounts for >50% of global production
- High production costs due to costly inputs, energy requirements and acid disposal
- MOP required as an input – MOP price plus conversion costs provides attractive price floor for SOP
- Major Mannheim supply from Europe and China
  - Egypt, India and Southeast Asia also contribute
- Colluli is well positioned to displace high-cost Mannheim production

SOLID SALTS NEAR SURFACE – OPEN-CUT (COLLULI)

Source: CRU, Integer Research, Danakali analysis
SOP – Current suppliers and cost curve

If operating in 2018, Danakali would have been the lowest cost SOP producer

Mine gate production costs for global SOP producers in 2018
Colluli FEED results included to demonstrate illustrative comparison

- Mannheim Process production
  High energy, high cost and environmental issues

- Chinese primary production
  Large distances to ports, majority of production consumed within China

- USA primary production
  Brine mineralisation, long evaporation timeframe

- Chilean primary production
  Brine mineralisation, co-product to lithium production

- Colluli Modules I & II
  Solid salt, open-cut mining, close to port

1 Greenmarkets and internal Company analysis
2 Integer Research
SOP – Pricing dynamics

SOP demand and supply dynamics support a robust pricing environment

• SOP price provides attractive margins for low cost primary producers
• Substantial increases in MOP contract prices in second half of 2018
• SOP price premium to MOP has consistently remained well above US$200/t for over 5 years
• Premium is sustainable due to:
  ― Mannheim Process conversion cost
  ― Mannheim Process environmental issues (carbon emissions and acid disposal)
  ― Limited SOP supply expansion
  ― Robust and growing SOP demand
Colluli overview

Strategically located SOP development project with all material permits in place

• Located in the Danakil Depression on Eritrean side of Eritrea-Ethiopia border
• Shallowest known evaporite deposit, commencing at just 16m allowing open-cut mining and simple processing
• To be developed utilising a modular approach
  — Module I to produce 472ktpa of premium SOP\(^1\)
  — Module II to increase total SOP production to 944ktpa\(^1,2\)

Ownership structure\(^3\)

Location – Closest known SOP deposit to a coastline

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1. DNK announcement, 29-Jan-18
2. Commencing in year 6 of production
3. Danakali's disclosed economics reflect the dynamics of the Shareholder's Agreement
Colluli’s operational attributes

Suite of attributes that allows for simple, proven, low risk and low-cost mining, processing and logistics, and outstanding project economics compared to other SOP greenfield development projects

<table>
<thead>
<tr>
<th>Mining¹</th>
<th>Processing¹</th>
<th>Logistics¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Shallow, light inclination, limited flora and fauna, and no communities in immediate vicinity</td>
<td>✓ Simple, energy efficient, commercially-proven processing</td>
<td>✓ Closest SOP project to a coastline</td>
</tr>
<tr>
<td>✓ Solid salts</td>
<td>✓ Unique and favourable combination of potassium bearing salts</td>
<td>✓ Favourable logistics unlock multi-commodity potential</td>
</tr>
<tr>
<td>✓ Simple, low cost, open-cut mining</td>
<td>✓ Colluli salt composition ideal for low energy, high yield conversion to SOP at ambient temperatures</td>
<td>✓ 230km by road to the well-established Massawa port</td>
</tr>
<tr>
<td>✓ Conventional truck and shovel methods utilised, complemented by continuous surface miners</td>
<td>✓ No pre-evaporation ponds necessary, reducing capex requirements and time to revenue</td>
<td>✓ 87km to Anfile Bay, potential site for future port development</td>
</tr>
</tbody>
</table>

¹ DNK announcement, 29-Jan-18
Colluli’s operational attributes cont.

Mining and processing at Colluli will be simple and modular with minimal environmental footprint; the Port of Massawa is world class and has been utilised by Nevsun’s (now Zijin’s) Bisha Copper-Zinc Mine for almost 10 years.
Mineralisation and mining method peer comparison

Colluli has the unique ability to process solid salts, leading to shortest extraction to port timeframe of any SOP greenfield development project

**SOLID SALTS NEAR SURFACE – OPEN-CUT (COLLULI)**

**SOLID SALTS AT DEPTH – SOLUTION**

Relevant development peers: Danakil (Circum Minerals), Yara Dallol (Yara International)

**LAKE WATER BRINE**

Relevant development peers: Mackay (Agrimin), Lake Wells (Australian Potash), Beyondie (Kalium Lakes), Lake Wells / Lake Way (Salt Lake Potash)

**PLAYA BRINE**

Relevant development peers: Sevier Playa (Crystal Peak Minerals)
**FEED overview**

FEED confirms Colluli as an advanced stage and economically attractive project relative to other SOP greenfield development projects

- Globally significant production rates
- Almost 200-year mine life at FEED production rates
- Industry leading capital intensity
- Forecast first quartile operating costs
- Project level NPV of US$902M with IRR of 29.9% for Modules I & II
- Danakali attributable NPV of US$439M with IRR of 31.3% for Modules I & II

### Key FEED economic estimates and outcomes\(^1,2\)

<table>
<thead>
<tr>
<th></th>
<th>Module I(^3)</th>
<th>Modules I &amp; II(^4,5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>100% of the Project (equity / pre-debt basis)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annualised SOP production</td>
<td>472ktpa</td>
<td>944ktpa</td>
</tr>
<tr>
<td>Module I development capital(^6)</td>
<td>US$302M</td>
<td></td>
</tr>
<tr>
<td>Incremental Module II development capital(^5,6)</td>
<td></td>
<td>US$202M</td>
</tr>
<tr>
<td>Capital intensity(^6)</td>
<td>US$640/t</td>
<td>US$534/t</td>
</tr>
<tr>
<td>Incremental Module II capital intensity(^6)</td>
<td></td>
<td>US$427/t</td>
</tr>
<tr>
<td>Average mine gate cash costs(^7)</td>
<td>US$165/t</td>
<td>US$149/t</td>
</tr>
<tr>
<td>Average total cash costs(^7,8)</td>
<td>US$258/t</td>
<td>US$242/t</td>
</tr>
<tr>
<td>Average annual undiscounted free cash flows(^7)</td>
<td>US$88M</td>
<td>US$173M</td>
</tr>
<tr>
<td>Post tax NPV (10% real)</td>
<td>US$505M</td>
<td>US$902M</td>
</tr>
<tr>
<td>Post tax IRR</td>
<td>28.1%</td>
<td>29.9%</td>
</tr>
</tbody>
</table>

**Danakali’s 50% share of the Project (post finance basis)**

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Average annual undiscounted free cash flows(^7)</td>
<td>US$43M</td>
<td>US$85M</td>
</tr>
<tr>
<td>Post finance NPV (10% real)</td>
<td>US$242M</td>
<td>US$439M</td>
</tr>
<tr>
<td>Post finance IRR</td>
<td>29.7%</td>
<td>31.3%</td>
</tr>
</tbody>
</table>

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1. DNK announcement 29 January 2018
2. Economic estimates and outcomes reported in US$ real
3. Assumed that Module I is 60% debt / 40% equity funded
4. Module II production expected to commence in year 6
5. Assumed 100% funded from project cash flows and third-party debt
6. Including contingency, excluding sustaining and working capital
7. Average for first 60 years of production
8. Includes mine gate cash costs, product logistics, and royalties
Colluli’s unparalleled scale and availability of modular open-cut mining leads to the Project having the largest known production capacity and life of mine among key SOP greenfield development peers.

**Production capacity**

<table>
<thead>
<tr>
<th>Project</th>
<th>Module I - 472ktpa</th>
<th>Module II - 472ktpa</th>
<th>Total - 944ktpa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colluli</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yara Dallol</td>
<td></td>
<td></td>
<td>Total - 600ktpa</td>
</tr>
<tr>
<td>Mackay</td>
<td></td>
<td></td>
<td>Total - 426ktpa</td>
</tr>
<tr>
<td>Lake Wells</td>
<td>Stage I - 200ktpa</td>
<td>Stage II - 200ktpa</td>
<td>Total - 400ktpa</td>
</tr>
<tr>
<td>Beyondie</td>
<td>Base - 90ktpa</td>
<td>Demo - 90ktpa</td>
<td>Total - 180ktpa</td>
</tr>
</tbody>
</table>

**Life of mine**

<table>
<thead>
<tr>
<th>Project</th>
<th>Life of Mine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colluli</td>
<td>200 years</td>
</tr>
<tr>
<td>Beyondie</td>
<td>30-50 years</td>
</tr>
<tr>
<td>Yara Dallol</td>
<td>23 years</td>
</tr>
<tr>
<td>Mackay</td>
<td>20 years</td>
</tr>
<tr>
<td>Lake Wells</td>
<td>20 years</td>
</tr>
</tbody>
</table>

Source: DNK announcements, 29-Jan-18 & 19-Feb-18, selected peer announcements.
### Listed SOP Producers

A comparison against producing, vertically integrated peers demonstrates Danakali’s capacity to be the largest and most direct SOP exposure globally.

<table>
<thead>
<tr>
<th></th>
<th>SQM (SQM.NYSE)</th>
<th>K+S (SD.FSE)</th>
<th>Compass (CMP.NYSE)</th>
<th>Tessenderlo (TESB.BSE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market capitalisation¹</td>
<td>A$197M (US$136M)</td>
<td>US$8.12Bn</td>
<td>€3.02Bn (US$3.37Bn)</td>
<td>US$1.76Bn</td>
</tr>
<tr>
<td>EBIT (2018)¹</td>
<td>NA (average annual cash flows to Danakali of US$85M expected from SOP Modules I &amp; II)</td>
<td>US$670M</td>
<td>€165M (US$186M)</td>
<td>US$135M</td>
</tr>
<tr>
<td>EBIT (2018)¹</td>
<td>NA (average annual cash flows to Danakali of US$85M expected from SOP Modules I &amp; II)</td>
<td>US$670M</td>
<td>€165M (US$186M)</td>
<td>US$135M</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key focus areas</th>
<th>Lithium, iodine &amp; derivatives</th>
<th>Fertiliser Deicing</th>
<th>Fertiliser Deicing</th>
<th>Fertiliser Crop protection Gelatins, proteins &amp; fats Industrial solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary – Deicing</td>
<td>Fertiliser Deicing Consumer &amp; industrial salts</td>
<td>Secondary (salt decomposition)</td>
<td>Secondary (Mannheim Process)</td>
<td></td>
</tr>
<tr>
<td>Tertiary – Industrial salts</td>
<td>Industrial chemicals</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SOP</th>
<th>Module I: 472ktpa</th>
<th>340ktpa</th>
<th>850ktpa</th>
<th>500ktpa</th>
<th>580ktpa</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOP production type</td>
<td>Primary (solid salts)</td>
<td>Primary (brine)</td>
<td>Secondary (salt decomposition)</td>
<td>Primary (brine)</td>
<td>Secondary (Mannheim Process)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other production</th>
<th>MOP (primary)</th>
<th>MOP Other specialty fertilisers</th>
<th>MOP Other specialty fertilisers</th>
<th>Rock, solar &amp; evaporated salt MgCl</th>
<th>Specialty fertilisers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other fertiliser and salt production lines</td>
<td>Other specialty fertilisers Rock Salt</td>
<td>Other specialty fertilisers Rock, industrial &amp; consumable salts Magnesium products</td>
<td>Other specialty fertilisers</td>
<td>Specialty fertilisers Crop protection products</td>
<td></td>
</tr>
</tbody>
</table>

Source: DNK announcements, 29-Jan-18 & 19-Feb-18, peer company announcements, Green Markets, S&P CapitalIQ

¹ US$0.69/A$ & US$1.12/€ utilised to convert relevant currencies
# Partnerships

**Danakali has strong partnerships across project execution and project financing**

<table>
<thead>
<tr>
<th>Offtake</th>
<th>Joint venture partner</th>
<th>EPCM</th>
<th>Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>EuroChem</td>
<td>CMSC is a 50:50 joint venture with Eritrea’s government-owned mining company</td>
<td>Preferred EPCM contractor for Colluli</td>
<td>Preferred power provider for Colluli</td>
</tr>
<tr>
<td>Binding take-or-pay agreement for up to 100% (minimum 87%) of Module I SOP production</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key shareholder</th>
<th>Senior debt</th>
<th>Financial adviser</th>
<th>Financial adviser</th>
</tr>
</thead>
<tbody>
<tr>
<td>J.P.Morgan Asset Management</td>
<td>Term sheet and mandate executed for US$200M in CMSC senior debt</td>
<td>Acting as strategic financial adviser to Danakali</td>
<td>Acting as debt financial adviser to Danakali</td>
</tr>
<tr>
<td>Danakali’s second largest shareholder, holding 7.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Multi-commodity and supply chain optimisation**

**Modular development approach underpins low cost, scalable, long life, agri-mineral and salt project**

- Almost 200-year mine life at FEED SOP production rates\(^1\) supports Project optionality
- Low growth capital for further SOP modules given size and open-cut mining
- Rock Salt stockpiled as by-product
- Kieserite and Mag Chloride stockpiled with minimal further processing required before commercialisation
- SOP-M, MOP and Gypsum also potential products
- Logistics optimisation potential through development of port at Anfile Bay and reduced trucking costs
- Multi-commodity and supply chain optimisation not currently factored into FEED economics

\(^1\) DNK announcements 29-Jan-18 and 19-Feb-18

Developments in Eritrea

Rapid diplomatic progress in the Horn of Africa supporting investment and growth in Eritrea

2 April 2018
Ethiopian Prime Minister Abiy Ahmed elected

Prime Minister Abiy Ahmed initiates peaceful relations with Eritrea’s President Isaias Afwerki?

11 September 2018
Eritrea-Ethiopia border opened for first time since 1998

28 December 2018
Zijin acquisition of Nevsun

Ethiopian Ship, Mekelle, docked in Eritrea?

14 November 2018
UN lifts sanctions against Eritrea

The UNSC unanimously voted to lift Eritrean sanctions?

9 July 2018
Joint declaration of peace & friendship between Eritrea & Ethiopia signed

Signing of the joint declaration in Jeddah?

31 January 2019
Report on Colluli released by UNDP

8 February 2019
EU announced investment into Eritrean roads?

14 November 2018
UN lifts sanctions against Eritrea

8 February 2019
EU announced investment into Eritrean roads?

6 May 2019
Eritrean and Chinese Foreign Ministers meet

Eritrean Foreign Minister meeting China’s Foreign Minister?

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Eritrean Foreign Minister meeting China’s Foreign Minister?

8 February 2019
EU announced investment into Eritrean roads?
The UNDP has carried out an independent report on the potential of Colluli to contribute to sustainable development in Eritrea

- Independent consultants for the UN Development Programme (UNDP) reported Colluli’s potential contributions to Eritrea’s Sustainable Development Goals (SDGs)
- Highlighted Colluli as a blueprint for mining in developing countries
- SDGs cover a broad range of issues including poverty, education, environment and social justice
- Colluli’s characteristics contributing to the findings include:
  - Colluli’s size
  - Mineralisation close to the surface
  - Highly valued resource (SOP)
  - Proximity to port
  - 50:50 joint venture with the government

Factors identified that support Colluli’s development and ability to generate positive social, environmental and economic impacts

- Location and deposit characteristics
- Production, costs & technology
- Plant macronutrient & multi-commodity potential
- State participation
- Corporate policies & principles: CSR and social impact
- Strong international demand for fertiliser
- Explicit commitment to SDGs
- Partnerships & alliances
- Controlled social and environmental impacts

Disclaimer: Danakali and its Board take no responsibility for the content of the UNDP report, nor does the Company or its Board endorse or warrant the accuracy of any content of the UNDP report.
Colluli has the potential to create numerous benefits for Eritrea, including contributing to 13 UN SDGs through 5 areas of direct impact:

<table>
<thead>
<tr>
<th>Colluli’s 5 areas of direct impact</th>
<th>13 corresponding SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic value generated</td>
<td>- No poverty</td>
</tr>
<tr>
<td>People and society</td>
<td>- Zero hunger</td>
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<tr>
<td></td>
<td>- Good health and wellbeing for people</td>
</tr>
<tr>
<td></td>
<td>- Quality education</td>
</tr>
<tr>
<td></td>
<td>- Gender equality</td>
</tr>
<tr>
<td></td>
<td>- Clean water and sanitation</td>
</tr>
<tr>
<td></td>
<td>- Sustainable economic growth &amp; decent work</td>
</tr>
<tr>
<td></td>
<td>- Industry, innovation and infrastructure</td>
</tr>
<tr>
<td>Environment</td>
<td>- Reduced inequalities</td>
</tr>
<tr>
<td>Fiscal effects</td>
<td>- Responsible consumption and production</td>
</tr>
<tr>
<td>Production of potash and other minerals and fertilisers</td>
<td>- Climate action</td>
</tr>
<tr>
<td></td>
<td>- Peace, justice and strong institutions</td>
</tr>
<tr>
<td></td>
<td>- Partnerships for the goals</td>
</tr>
</tbody>
</table>

Significant potential economic effects 2018-2030+:

- Significant increase in exports by 2030
- Direct capital expenditure and investment inflows
- Large positive impact on Eritrean GDP
- High levels of indirect employment
- Positive fiscal effects
- Improved agriculture productivity

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Key focus areas for 2019

Danakali is focusing on finalising CMSC senior debt, executing equity strategy and advancing towards project execution

### Key focus areas – Funding and project execution phases

<table>
<thead>
<tr>
<th>DEBT</th>
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<tbody>
<tr>
<td>• Obtain CMSC senior debt credit approval</td>
<td></td>
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<tr>
<td>• Finalise finance documentation ahead of draw-down</td>
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<table>
<thead>
<tr>
<th>EQUITY</th>
<th></th>
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<tbody>
<tr>
<td>• Ongoing discussions with strategic, institutional and private client investors and brokers globally</td>
<td></td>
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<tr>
<td>• Moving towards financial close for Colluli Module I in parallel with the CMSC senior debt process</td>
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<table>
<thead>
<tr>
<th>OPERATIONAL CONTRACTS</th>
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<tbody>
<tr>
<td>• Finalise DRA Global EPCM contract and mobilise team</td>
<td></td>
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<tr>
<td>• Identify and hire key sub-contractors</td>
<td></td>
</tr>
<tr>
<td>• Finalise Inglett &amp; Stubbs International power contract</td>
<td></td>
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<tr>
<td>• Confirm preferred mining services contractor</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATIONS READINESS</th>
<th></th>
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<tbody>
<tr>
<td>• Progress the necessary operating procedures, systems and structures to position Danakali and CMSC for project execution, construction and production</td>
<td></td>
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<tr>
<td>• Make key appointments</td>
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</table>

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<thead>
<tr>
<th>PROJECT EXECUTION</th>
<th></th>
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<tbody>
<tr>
<td>• EPCM, mining, power, camp, logistics, government relations and medical</td>
<td></td>
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<tr>
<th>GOVERNANCE AND CSR</th>
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<tbody>
<tr>
<td>• Utilise the Sustainable Development Framework to ensure strong outcomes in line with key principles Ethical Work Practices, Zero Harm, Business Performance and Stakeholder Engagement</td>
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<tr>
<th>GROWTH</th>
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<tbody>
<tr>
<td>• Carry out studies and develop strategies for optimisation, SOP expansion, potash diversification, multi-commodity potential and logistics optimisation (including Anfile Bay)</td>
<td></td>
</tr>
</tbody>
</table>
Danakali investment case

• Binding offtake agreement for up to 100% (minimum 87%) of Module I SOP production with EuroChem

• US$200M debt financing term sheet executed

• 1.1Bt Ore Reserve and almost 200-year mine life

• Exceptional economics
  — Project NPV of US$902M and IRR of 29.9%
  — NPV of US$439M and IRR of 31.3% attributable to Danakali
  — Industry leading capital intensity
  — First quartile operating costs

• Expansion, diversification and multi-commodity potential

• Rapidly improving geopolitical dynamics for Eritrea
Appendix

Danakali Executives
Danakali Board
SOP – Global utilisation rates
Logistics peer comparison
Binding offtake agreement with EuroChem
US$200M debt financing term sheet
Project execution – EPCM phases
Technical glossary
Competent Persons Statements
Niels Wage has been appointed CEO, bringing extensive industry experience, leadership capabilities, and passion for the Project; he is supported by a strong, energetic and accomplished senior management team.

**Niels Wage**  
**Chief Executive Officer**  
- Significant potash, shipping, logistics, trading and commodity experience  
- Employed by Danakali since June 2018 in the role of Chief Commercial Officer  
- Previously Vice President Potash and Vice President Freight at BHP  
- Board Director of Bahia Mineração, currently developing an integrated greenfield iron ore project

**Stuart Tarrant – Chief Financial Officer**  
- Extensive exposure in the mining industry  
- Financial modelling, financial systems deployment, procurement, budgeting, and cost analysis and optimisation experience  
- Previously a finance manager at BHP

**Tony Harrington – Project Director**  
- Over 30 years’ experience across a range of mining projects in various African countries, China, Europe, UK and Australia  
- Project Manager for US$0.3B Kwale Minerals Sands Project in Kenya and US$0.3B Chimimiwango expansion at the Lumwana Copper Mine in Zambia

**William Sandover – Head of Corporate Development & External Affairs**  
- Extensive investment banking and corporate advisory experience at UBS, Macquarie and Vesparum  
- Involved in raising more than A$10Bn in equity and hybrid capital for ASX-listed companies

The appointment of Mr. Wage, with his considerable leadership and operational credentials, is timely as Danakali finalises project funding and commences project execution.
An experienced, multi-disciplinary and international Board

Seamus Cornelius – Executive Chairman
- Corporate lawyer with over 20 years’ experience in the resource sector
- Former partner at one of Australia’s leading law firms
- Also Chairman of Duketon Mining, Montezuma Mining, and Buxton Resources

Bob Connochie – Non-Executive Director
- Highly experienced potash and mining specialist with over 40 years industry experience
- Previously Chairman of potash exporter Canpotex, former Chairman and CEO of Potash Company of America

Andre Liebenberg – Non-Executive Director
- Mining industry professional with extensive investor market, finance, business development and leadership experience
- 25+ years in private equity and investment banking, and senior roles at BHP and QKR Corporation, currently Managing Director of Yellow Cake

Paul Donaldson – Non-Executive Director
- 30+ years experience in senior management at BHP in head of carbon steel materials technical marketing team, management of Port Hedland iron ore export facility, GM of Mining Area C, Danakali and Pacific National (currently Chief Transformation Officer)
- Experience in technical project management, open cut mining operations, marketing and supply chain

John Fitzgerald – Non-Executive Director
- Chartered Accountant with over 30 years finance and corporate advisory experience in the resource sector
- Previously held senior position at Rothschild, Investec and HSBC
- Non-Executive Director of Northern Star Resources and Non-executive Chairman of Exore Resources

Zhang Jing – Non-Executive Director
- Previously held project management roles in publicly listed companies in China
- Over 15 years of international trading and business development experience in China
SOP – Global application rates

SOP is currently underapplied in the areas expecting the highest rates of population growth, the majority of which are proximate to Colluli.

USA: 57kg/ha
Latin America: 10kg/ha
Europe: 43kg/ha
Middle East: 26kg/ha
Russia: 7kg/ha
China: 71kg/ha
India: 2kg/ha
Africa: 4kg/ha
Southeast Asia: 1kg/ha

Logistics peer comparison

Colluli’s proximity to established port infrastructure provides unrivalled access to the global export markets

Distance to port for Colluli and other SOP greenfield development projects

**AUSTRALIAN PROJECTS**
- 87km Colluli (potential) Anfile Bay
- 230km Colluli Massawa
- 790km+ Circum (Danakil) Tadjoura, Djibouti
- 790km Yara Dallol Yara Tadjoura, Djibouti

**ETHIOPIAN PROJECTS**
- Australian projects range from 700km to 1,500km away from the nearest established ports

- Beyondie Kalium Lakes Geraldton, WA
- Lake Disappointment Reward Port Hedland, WA
- Lake Wells Salt Lake Potash Esperance, WA
- Karinga Lakes Verdant Darwin, NT
- Mackay Agrimin Darwin, NT, or Wyndham, WA

Source: DNK announcement, 29-Jan-18, peer company announcements, Google Maps
Binding offtake agreement with EuroChem

CMSC’s take-or-pay offtake agreement with EuroChem provides cash flow certainty to unlock project funding

- EuroChem will take, pay, market and distribute up to 100% of Colluli Module I SOP production¹
  - CMSC has the option to retain and sell up to 13% through alternative sales channels
- 10 year term with 3 year extension option¹
- EuroChem to provide technical support¹

Danakali's Executive Chairman and Chief Commercial Officer recently visited EuroChem’s Antwerp, Belgium fertiliser production facility (Aug-18)

Danakali

- Leading global fertiliser producer²
- Integrated mining, fertiliser production, logistics and distribution²
- CY2017 revenue of US$4.9B and EBITDA of US$1.1B²

¹ DNK announcement, 12-Jun-18
² http://www.eurochemgroup.com/en/home/#
Danakali has executed a non-binding indicative US$200M debt term sheet and associated mandate with highly reputable African development financial institutions to fund construction and development of Colluli.

- African Export-Import Bank (Afreximbank) and Africa Finance Corporation (AFC) will act as the Mandated Lead Arrangers.
- Due diligence satisfied for US$200M of senior debt.
- AFC and Afreximbank moving through internal approvals required for credit approval.
- Credit approval is a key enabler for equity investment.

“*The execution of the Mandate represents a significant milestone for the Colluli project funding. We are very pleased to be partnering with strong, experienced African financial institutions.*”

Stuart Tarrant, CFO
Project execution – EPCM phases

Well-defined, phased engineering, procurement and construction process will be commenced by DRA and the Owner’s Team post funding

Phase 1
FEED review
- Mobilise EPCM Owner’s Team
- Critical review of FEED in context of EPCM methodology
- Finalise geotechnical test work
- Purchase critical equipment including reverse osmosis plant

Phase 2
Capital estimate and schedule
- Complete updates to scope of work
- Investigate optimisation opportunities
- Develop optimal execution strategy
- Relocate camp
- Review and agree on capital estimates and schedule

Phases 3-6
Detailed engineering, procurement, construction and project management
- Finalisation of engineering design, development and drafting
- Finalisation of vendor packages, and procurement
- Finalisation and award of site contracts
- Construction
- Commissioning and ramp-up
### Technical glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
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<tbody>
<tr>
<td>AFC</td>
<td>Africa Finance Corporation</td>
</tr>
<tr>
<td>Afreximbank</td>
<td>African Export-Import Bank</td>
</tr>
<tr>
<td>CMSC</td>
<td>Colluli Mining Share Company, the 50:50 joint venture vehicle owned by Danakali and ENAMCO that 100% owns Colluli</td>
</tr>
<tr>
<td>Colluli</td>
<td>The Colluli Potash Project</td>
</tr>
<tr>
<td>The Company</td>
<td>Danakali Limited, DNK.ASX</td>
</tr>
<tr>
<td>Danakali</td>
<td>Danakali Limited, DNK.ASX</td>
</tr>
<tr>
<td>DFIs</td>
<td>Development financial institutions</td>
</tr>
<tr>
<td>DFS</td>
<td>Definitive Feasibility Study, refer ASX announcement 30 November 2015 for the Colluli results</td>
</tr>
<tr>
<td>DRA</td>
<td>DRA Global, preferred EPCM contractor</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Earnings before interest, tax, depreciation and amortisation</td>
</tr>
<tr>
<td>ENAMCO</td>
<td>The Eritrean government owned Eritrean National Mining Company (owns 50% of Colluli)</td>
</tr>
<tr>
<td>EPCM</td>
<td>Engineering, Procurement and Construction Management</td>
</tr>
<tr>
<td>Evaporite</td>
<td>A natural salt or mineral deposit left after the evaporation of a body of water</td>
</tr>
<tr>
<td>FEED</td>
<td>Front End Engineering Design, refer ASX announcement 29 January 2018 for the Colluli results</td>
</tr>
<tr>
<td>FOB</td>
<td>Free On Board, specifies the point at which respective obligations, costs, and risk involved in the delivery of goods shift from the seller to the buyer, in the case of operating cost metrics this is when product is put on board a ship at port</td>
</tr>
<tr>
<td>IRR</td>
<td>Internal Rate of Return, the discount rate at which the net present value of all the cash flows from a project equal zero</td>
</tr>
<tr>
<td>Kieserite</td>
<td>MgSO₄·H₂O</td>
</tr>
<tr>
<td>ktpa</td>
<td>Kilotonnes per annum (measure of production output)</td>
</tr>
<tr>
<td>Mandated Lead Arrangers</td>
<td>Afreximbank and AFC (mandated to provide US$200M of senior debt to CMSC)</td>
</tr>
<tr>
<td>Mannheim Process</td>
<td>The high energy reaction of MOP with sulphuric acid (H₂SO₄) to produce SOP</td>
</tr>
<tr>
<td>MOP</td>
<td>Muriate of Potash (KCI)</td>
</tr>
<tr>
<td>Mtpa</td>
<td>Million tonnes per annum (measure of production output)</td>
</tr>
<tr>
<td>NOP</td>
<td>Potassium Nitrate (KNO₃)</td>
</tr>
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## Technical glossary cont.

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
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<tbody>
<tr>
<td>NPV</td>
<td>Net Present Value, the difference between the present value of cash inflows and the present value of cash outflows over a period of time</td>
</tr>
<tr>
<td>The Project</td>
<td>The Colluli Potash Project</td>
</tr>
<tr>
<td>SDGs</td>
<td>Sustainable Development Goals, developed by the United Nations’ Development Programme</td>
</tr>
<tr>
<td>SEIA</td>
<td>Social and Environmental Impact Assessment</td>
</tr>
<tr>
<td>SEMPs</td>
<td>Social and Environmental Management and Monitoring Plans</td>
</tr>
<tr>
<td>SOP</td>
<td>Sulphate of Potash ($K_2SO_4$)</td>
</tr>
<tr>
<td>SOP-M</td>
<td>Sulphate of Potash Magnesia ($K_2Mg(SO_4)_{2.4H_2O}$)</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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</table>
Competent Persons Statements

Competent Persons Statement (Sulphate of Potash and Kieserite Mineral Resource)

Colluli has a JORC-2012 compliantMeasured, Indicated and Inferred Mineral Resource estimate of 1,289Mt @ 11% K₂O Equiv. and 7% Kieserite. The Mineral Resource contains 303Mt @ 11% K₂O Equiv. and 6% Kieserite of Measured Resource, 951Mt @ 11% K₂O Equiv. and 7% Kieserite of Indicated Resource and 35Mt @ 10% K₂O Equiv. and 9% Kieserite of Inferred Resource.

The information relating to the Colluli Mineral Resource estimate is extracted from the report entitled “Colluli Review Delivers Mineral Resource Estimate of 1.289Mt” disclosed on 25 February 2015 and the report entitled “In excess of 85 million tonnes of Kieserite defined within Colluli Project Resource adds to multi agri-commodity potential” disclosed on 15 August 2016, which are available to view at www.danakali.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

Competent Persons Statement (Sulphate of Potash Ore Reserve)

Colluli Proved and Probable Ore Reserve is reported according to the JORC Code and estimated at 1,100Mt @ 10.5% K₂O Equiv. The Ore Reserve is classified as 285Mt @ 11.3% K₂O Equiv. Probable. The Colluli SOP Mineral Resource includes those Mineral Resources modified to produce the Colluli SOP Ore Reserves.

The information relating to the January 2018 Colluli Ore Reserve is extracted from the report entitled “Colluli Ore Reserve update” disclosed on 19 February 2018 and is available to view at www.danakali.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

Competent Persons Statement (Rock Salt Mineral Resource)

Colluli has a JORC-2012 compliantMeasured, Indicated and Inferred Mineral Resource estimate of 347Mt @ 96.9% NaCl. The Mineral Resource estimate contains 28Mt @ 97.2% NaCl of Measured Resource, 180Mt @ 96.6% NaCl of Indicated Resource and 139Mt @ 97.2% NaCl of Inferred Resource.

The information relating to the Colluli Rock Salt Mineral Resource estimate is extracted from the report entitled “+300M Tonne Rock Salt Mineral Resource Estimate Completed for Colluli” disclosed on 23 September 2015 and is available to view at www.danakali.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

AMC Consultants Pty Ltd (AMC) independence

In reporting the Mineral Resources and Ore Reserves referred to in this public release, AMC acted as an independent party, has no interest in the outcomes of Colluli and has no business relationship with Danakali 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 and the Competent Persons believe that there is no conflict of interest in undertaking the assignments which are the subject of the statements.

Quality control and quality assurance

Danakali exploration programs follow standard operating and quality assurance procedures to ensure that all sampling techniques and sample results meet international reporting standards. Drill holes are located using GPS coordinates using WGS84 Datum, all mineralisation intervals are downhole and are true width intervals. The samples are derived from HQ diamond drill core, which in the case of carnallite ores, are sealed in heat-sealed plastic tubing immediately as it is drilled to preserve the sample. Significant sample intervals are dry quarter cut using a diamond saw and then resealed and double bagged for transport to the laboratory. Hallite blanks and duplicate samples are submitted with each hole. Chemical analyses were conducted by Kali-Umwelttechnik GmbH, Sondershausen, Germany, utilising flame emission spectrometry, atomic absorption spectroscopy and ion chromatography. Kali-Umwelttechnik (KUTEC) has extensive experience in analysis of salt rock and brine samples and is certified according by DIN EN ISO/IEC 17025 by the Deutsche Akkreditierungsstelle GmbH (DAR). The laboratory follows standard procedures for the analysis of potash salt rocks chemical analysis (K+, Na+, Mg2+, Ca2+, CI-, SO42-, H2O) and X-ray diffraction (XRD) analysis of the same samples as for chemical analysis to determine a qualitative mineral composition, which combined with the chemical analysis gives a quantitative mineral composition.