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 and 4 March 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.
Danakali (ASX:DNK) - formerly South Boulder Mines (ASX:STB)

- Shareholders approved name change to Danakali ("Danakil Potash") on the 29th May 2015
- Company name more reflective of commodity and location

DNK is 50% owner of a world class potash project with a positive future. Development is inevitable.

- Colluli Potash Project is 100% owned by the Colluli Mining Share Company (CMSC), which is a Joint Venture between DNK and the Eritrean National Mining Company (ENAMCO)
- DNK owns 50% of CMSC and three of the five board seats
- Prefeasibility study for the production of sulphate of potash (SOP) completed in February 2015 demonstrated the Colluli Potash Project to be economically robust with substantial upside
- Definitive feasibility studies on track for completion in September 2015
A positive future – development and production focus

ASX:STB
Founded in 2003
A diversified exploration company focussing on nickel, gold, phosphate and potash exploration with an objective of identifying high potential, value accretive projects

ASX:DNK
May 2015
A development and production company focussing on developing the Colluli potash project to an agrichemical business of global significance

**Building Exploration Portfolio**
- Cardabia Phosphate
- Lake Disappointment Potash
- Duketon Nickel and Gold
- Colluli potash

**Refinement**
Relinquishment of low potential projects (Cardabia, Lake Disappointment)

**Consolidation and Focus**
- Spin out of Duketon Mining
- Colluli project focus only
- Restructure of STB Board and Management team
- Positive Pre-feasibility on sulphate of potash (SOP) production
- Initiation of Colluli definitive feasibility study

**We are transforming...**
Market understanding of the Colluli Potash Project improving

### Capital Structure as at 15th June 2015

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares on issue</td>
<td>174M</td>
</tr>
<tr>
<td>Options on issue</td>
<td>27M</td>
</tr>
<tr>
<td>Share Price</td>
<td>$0.45</td>
</tr>
<tr>
<td>Undiluted Market Capitalisation</td>
<td>$78M</td>
</tr>
<tr>
<td>Debt</td>
<td>No debt</td>
</tr>
<tr>
<td>Cash</td>
<td>$9.6m</td>
</tr>
<tr>
<td>Undiluted Enterprise Value</td>
<td>$68.4M</td>
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</tbody>
</table>

1 As of 15th June 2015

### Share price performance

<table>
<thead>
<tr>
<th>Share Price (A$)</th>
<th>Volume Traded</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>3000000</td>
</tr>
<tr>
<td>0.05</td>
<td>2500000</td>
</tr>
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<td>1500000</td>
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<td>1000000</td>
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<td>500000</td>
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<td>0.30</td>
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<tr>
<td>0.45</td>
<td>0.00</td>
</tr>
<tr>
<td>0.50</td>
<td>0.00</td>
</tr>
</tbody>
</table>

\[\text{Share Price} \rightarrow \text{Volume Traded}\]

\[\text{Share Price: ASX:DNK} \]
## Danakali (DNK) corporate overview

### Major Shareholders

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well Efficient</td>
<td>12%</td>
</tr>
<tr>
<td>Sprott Asset Management</td>
<td>9%</td>
</tr>
<tr>
<td>Kam Lung Investment Development</td>
<td>5%</td>
</tr>
<tr>
<td>DNK Management</td>
<td>11%</td>
</tr>
<tr>
<td>Top 20 shareholders</td>
<td>63%</td>
</tr>
</tbody>
</table>

### Directors and Management

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seamus Cornelius</td>
<td>Non Executive Chairman</td>
</tr>
<tr>
<td>Paul Donaldson</td>
<td>Managing Director</td>
</tr>
<tr>
<td>Tony Kiernan</td>
<td>Non Executive Director</td>
</tr>
<tr>
<td>John Fitzgerald</td>
<td>Non Executive Director</td>
</tr>
<tr>
<td>Liam Cornelius</td>
<td>Non Executive Director</td>
</tr>
<tr>
<td>Amy Just</td>
<td>Company Secretary</td>
</tr>
<tr>
<td>Stuart Tarrant</td>
<td>Head of Finance</td>
</tr>
<tr>
<td>Gordon Tainton</td>
<td>Head of Market Development</td>
</tr>
<tr>
<td>James Durrant</td>
<td>Colluli Project Manager</td>
</tr>
<tr>
<td>Zeray Leake</td>
<td>Country Manager</td>
</tr>
</tbody>
</table>

### DNK Shareholder Distribution

- Retail investors: 59%
- Directors and management: 11%
- Sprott Asset Management: 9%
- Kam Lung Investment Development: 5%
- Well Efficient Limited: 12%
- Montezuma: 2%
- RSR: 2%
Colluli Potash Project – a class of its own

- Economically favourable prefeasibility study
- Large, long life, expandable resource
- Unrivalled proximity to coast
- Colluli resource yields high purity, premium SOP
- Commercially proven process
- Potassium salts are mined in solid form
- Lowest capital intensity and operating costs
- Unmatched potash diversification potential
- Excellent access to the key markets of the future
- Stable and maturing mining jurisdiction

Focus of this presentation

Positively Unique
Population growth, particularly in developing economies, is increasing the demand for food

- **95% of global population growth is centred around Colluli;** Africa, India and Asia
- **62% in Africa alone;** Colluli is uniquely positioned to meet African agricultural needs
- **Africa and India will see the biggest gains in overall calorific consumption** as standards of living rise, and population growth accelerates
- **Sulphate of Potash (SOP) is highly valued in arid regions** and is ideal for much of Africa
- **A reduction in arable land in these areas** is further driving demand for fertiliser to increase crop yields
- **China is undergoing a shift from cereal and grain based crops** as incomes rise, to more diversified diets based on fruits, vegetables, meats and dairy products
- **Shifting dietary patterns underpin greater use of SOP** to support yields of these high value crops
Potash overview

Potash: generic term used to describe a variety of potassium bearing minerals and manufactured chemicals used primarily as fertiliser
- Essential to the world’s food supply
- No known substitute

Key Drivers
- Global population growing at 80 million people per annum
- Reduction in arable land
- Calorific demand growing and dietary mix changing

More People = More Food = More Fertiliser = More Potash

Global Population versus time
Billion people

Potash comes in a variety of types

- Potash types are differentiated by chemistry
- Availability of economic resources varies with potash type
- Potash prices are fundamentally different

<table>
<thead>
<tr>
<th>Potash type</th>
<th>Abbreviated name</th>
<th>Typical sale price (US$/t)</th>
<th>Key Primary Production Centres</th>
<th>Abundance of resources suitable for exploitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potassium chloride¹</td>
<td>MOP</td>
<td>315</td>
<td>Canada, Russia, Middle East, China</td>
<td>Very high</td>
</tr>
<tr>
<td>Potassium magnesium sulphate²</td>
<td>SOP-M</td>
<td>400</td>
<td>United states</td>
<td>Very low</td>
</tr>
<tr>
<td>Potassium Sulphate³</td>
<td>SOP</td>
<td>720</td>
<td>United states, Chile, China</td>
<td>Very low</td>
</tr>
<tr>
<td>Potassium Nitrate⁴</td>
<td>NOP</td>
<td>900</td>
<td></td>
<td>Manufactured</td>
</tr>
</tbody>
</table>

Source: Company Announcements, Greenmarkets
1. FOB Vancouver, Standard
2. FOB Carlsbad
3. FOB Utah
4. California
98% of population growth will be driven by less developed regions; 62% in Africa alone

Crop yields for arable land in less developed economies will have to increase

Source: United Nations, FAO
GDP growth drives calorie intake (amount of food) and diet composition

GDP growth rates
% CAGR 2014 - 2020

- India: 9.7%
- China: 8.3%
- Sub-Saharan Africa: 7.2%
- Advanced Economies: 4.1%

Calorific intake per capita vs GDP per capita, 2011

- Lifestyle driven changes – i.e. reduction in carbs
- Dietary mix changes – higher quality fruit and vegetables, more meat and dairy
- Consuming more food

Note: Bubble size denotes population

Africa and India dominate food consumption growth

Significant implications for global food markets
- Sub-Saharan Africa’s calorie growth to 2050 equates to total calories consumed in 2011 by all Developed Nations combined
- India’s growth to 2050 exceeds the total calorific intake of South East Asia in 2011

95% of global population growth in close proximity to Colluli

Billions

North America

North America

Europe

Europe

China

China

Africa

Africa

Other Asia

Other Asia

Oceania

Oceania

Global

Global

South America

South America

Compass Minerals
Utah, USA

Compass Minerals
Utah, USA

Coluli is centred around major population growth regions

SOP critical to support food growth and mix changes

SOP improves yields, quantity, taste and enhances shelf life

Especially valued for chloride sensitive crops, where it increases yields

SOP highly valued in arid regions with low rainfall, and salinity affected soils

- Fruits
- Vegetables
- Nuts
- Tea
- Coffee
- Beans

SOP Demand growing strongly

2 million tonnes of SOP growth projected over next decade, 25% increase in market size

- Strong growth in China, driven by changing dietary mix to include more fruits and vegetables that have higher chloride sensitivity
- SOP more suited to arid conditions in many developing economies, that are driving population and food consumption growth
### Limited low cost potassium sulphate (SOP) resources globally

#### Limited greenfield projects and high energy requirements

- Potassium sulphate is geologically scarce
- Only one greenfield project at DFS completion stage
- High energy inputs
- DFS Projects = 2
- PFS Projects = 3

<table>
<thead>
<tr>
<th>Project</th>
<th>Location</th>
<th>Phase</th>
<th>Capacity</th>
<th>Capex est. ($US)</th>
<th>Capital Intensity</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New Mexico</td>
<td>DFS Complete</td>
<td>700kt/yr</td>
<td>$1.2b</td>
<td>$1714/t</td>
<td>Calcine (500°C), leach, crystallise</td>
</tr>
<tr>
<td>2</td>
<td>Utah</td>
<td>PFS Complete</td>
<td>300kt/yr</td>
<td>$378m</td>
<td>$1260/t</td>
<td>Solar evaporation, slurry (90°C)crystallise</td>
</tr>
<tr>
<td>3</td>
<td>Utah</td>
<td>PFS Complete</td>
<td>770kt/yr</td>
<td>$1.1b</td>
<td>$1429/t</td>
<td>Calcine (550°C), leach, crystallise</td>
</tr>
<tr>
<td>4</td>
<td>Eritrea</td>
<td>DFS Underway</td>
<td>425kt/yr</td>
<td>$442m</td>
<td>$1087</td>
<td>Mixed salts and solar evaporation (ambient)</td>
</tr>
</tbody>
</table>

Source:
1. IC Ochoa N43-101 Definitive feasibility study
2. EPM Sevier Lake, Preliminary feasibility study
3. Potash Ridge preliminary feasibility study
4. Danakali (formerly South Boulder Mines) prefeasibility study
Colluli is logistically superior relative to its peers.......... 

Colluli is **the closest SOP deposit to a coastline globally**

It will be **the closest supplier to the major growth markets** and, coupled with low extraction costs,

is expected to be **the lowest delivered cost SOP supplier to the growth markets**

and **substantially cheaper than many of the incumbent players**
Unrivalled proximity to coast

- Colluli is significantly closer to shipping point than potassium sulphate peers globally
- Only 75km to the Red Sea Coast (Anfile Bay); 1300km of access to Red Sea coast from Eritrea
- Only 180km to the Port of Massawa (The key import/export facility in Eritrea)
- Trucking is a simple, low cost option to access port

1. Company announcements: Allana Potash, Circum
2. Danakali Analysis
Logistically favourable relative to key markets

Major population growth centres

Source: Sea distances.org, Company websites, STB analysis
Unparalleled delivered cost advantage

Sources: Sea distances.org, company websites/presentations, CRU, DNK analysis. Reward Minerals costs based on May 2015 Roadshow and AGM presentation. 1) Major SOP consuming regions in southern China, 2) Freight cost estimates assume Panamax vessels, common port costs at destination locations, oil prices at $US56/barrel. Pre-FOB inland rail/trucking estimates based on industry referenced figures. All figures excluding royalties. Chinese exports incur $US100/t export tax.
Eritrea – growing economy, maturing mining industry and stable jurisdiction

Fast growing economy
- 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

Maturing Mining Industry
- Bisha mine (Nevsun: ENAMCO) in production since 2010
- Zara mine (previous owner Chalice Gold) currently commissioning
- Asmara project (Sunridge Gold: ENAMCO) completed DFS
- Colluli project (Danakali: ENAMCO) PFS completed - DFS underway

Stable jurisdiction
- 24 years of independence
- Stable government

Gross domestic Product (% year on year change)

Source: Economic Intelligence Unit, Economist
Colluli: Positively Unique – logistically superior

• Colluli is centred around the major regions driving food consumption growth over the next 50 years
  • Africa, India and Asia account for 95% of population and food consumption growth
  • SOP will play an important role delivering yields, as arable land in these regions declines
  • SOP is highly suitable for the arid African climate
  • China’s changing food mix will continue to drive SOP demand

• Colluli is expected to be the lowest delivered cost producer into the key growth markets – a sustainable competitive advantage derived from being:
  ✓ The closest potassium sulphate deposit to a coastline globally (75km)
  ✓ The closest supplier to the major growth markets
  ✓ The lowest cash cost producer

• Eritrea is a safe and stable jurisdiction, developing rapidly with significant international mining investment
Thank you

Colluli: Positively Unique
The Colluli Potash Project – an unparalleled opportunity

- SOP – commodity of the future
- Close proximity to key growth markets
- Lowest capital intensity and lowest operating costs
- Strong support from government
- Large resource
- Unmatched proximity to coast
- Highest purity product

Positively Unique

Paul Donaldson, Managing Director and CEO, June 2015
Experienced board and management

Seamus Cornelius, Non Executive Chairman
Mr Cornelius has 21 years of corporate experience in both legal and commercial negotiations. He has been based in Shanghai and Beijing since 1993, where he has been living and working as a corporate lawyer. From 2000 to 2011 Mr Cornelius was an international partner with one of Australia’s leading law firms, specialising in cross border investments in the energy and resource sectors.

Paul Donaldson, CEO and Managing Director
Mr Donaldson was appointed to the role of Chief Executive Officer in February 2013. He joins Danakali from a series of senior management roles with BHP Billiton. Mr Donaldson has experience in large scale open cut mine management, supply chain logistics, mineral processing, business improvement and marketing.

Tony, Kiernan, Non Executive Director
Mr Kiernan was previously a commercial lawyer and is currently Chairman of the Australian iron ore producer BC Iron Ltd (ASX:BCI) and a non-executive director of several listed mining companies including Chalice Gold Mines Ltd (ASX: CHN), which has been operating in Eritrea since 2009.

Liam Cornelius, Non Executive Director
Mr Cornelius graduated from Curtin University of Technology with a BAppSc in Geology. He has been involved in the exploration industry within Australia and Africa for 18 years. As a founding member of the Company, Mr Cornelius has played a key role in outlining areas of interest for the company.

John Fitzgerald, Non Executive Director
Mr Fitzgerald joined the board in February 2015, and has previously held positions at NM Rothschild and Sons, Investec Bank Australia, Commonwealth Bank and HSBC Precious Metals. He is the Managing Director of Optimum Capital Pty Ltd, a corporate debt and advisory business focussed on the mining sector. Mr. Fitzgerald is also a Non-Executive Director of Northern Star Resources Limited and Chairman of Mungana Goldmines Limited. Mr Fitzgerald is a Chartered Accountant, a Fellow of FINSIA and a member of the Australian Institute of Company Directors.

James Durrant, Project Manager
Mr. Durrant joined Danakali after a series of operational roles within BHP Billiton. With tertiary qualifications in both mechanical and mining engineering, Mr. Durrant brings project management, organisational design and operational management of large scale open cut mines skills to the organisation.

Zeray Leake, Country Manager
Mr Leake is a Geologist with over 12 years experience in the development and exploration of potash, gold, base metals and industrial minerals. Mr Leake previously worked for the Geological Survey of Eritrea.
Our Vision

To bring the Colluli project into production adopting the principles of risk management, resource utilisation and modularity, using the starting module as a growth platform to develop the resource to its full potential.
## Development timeline

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Metallurgical testwork</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td></td>
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<tr>
<td>Preliminary feasibility Study</td>
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<td>Q1</td>
<td>Q2</td>
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<tr>
<td>Finalise resource</td>
<td></td>
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<td>Q1</td>
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<tr>
<td>Optimisation and pilot tests</td>
<td></td>
<td></td>
<td>Q1</td>
<td>Q3</td>
</tr>
<tr>
<td>Definitive feasibility study</td>
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<tr>
<td>Social Environmental Impact Assessment</td>
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<tr>
<td>Mining License Application</td>
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<td>Funding</td>
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<tr>
<td>Detailed Engineering</td>
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<tr>
<td>Phase I Construction</td>
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</table>
Eritrea – advancing

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1991</th>
<th>2014</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>Population with Access to Safe Water</td>
<td>14%</td>
<td>80%</td>
<td>66%</td>
</tr>
<tr>
<td>Net Primary Enrolment in School</td>
<td>30%</td>
<td>80%</td>
<td>50%</td>
</tr>
<tr>
<td>Maternity Mortality</td>
<td>1700/100,000</td>
<td>380/100,000</td>
<td>1320/100,000</td>
</tr>
<tr>
<td>Under 5 Mortality</td>
<td>151/1000</td>
<td>50/1000</td>
<td>101/1000</td>
</tr>
<tr>
<td>Prevalence of HIV Aids</td>
<td>2.94%</td>
<td>0.93%</td>
<td>2.01%</td>
</tr>
<tr>
<td>Immunisation Coverage of 1 Yr olds</td>
<td>76%</td>
<td>99%</td>
<td>23%</td>
</tr>
<tr>
<td>Population with access to Electricity</td>
<td>20%</td>
<td>38%</td>
<td>18%</td>
</tr>
</tbody>
</table>