Colluli: Positively Unique

Investor Road Show: June 2015
Forward Looking Statements and Disclaimer

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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.

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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.
Colluli – 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
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**Phase I has been modelled as a standalone project and is an attractive investment in itself.**

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<sup>1</sup>Modelled at long term SOP price of US$588/tonne

Note: PFS for EPM Mining modelled US$716/tonne SOP [Source: EPM Mining N43-101 PFS report]

Note: DFS for IC Ochoa modelled at $618/tonne SOP [Source: IC Ochoa N43-101 Feasibility report]

Note: Colluli Project NPV10% @ US$700/tonne = US$689m Phase I (28.3% IRR) and US$1,205m (30.5% IRR) Phase II

<sup>2</sup> Incremental additional capital
Large, long life, expandable resource

1.1Bt Ore Reserve
- 287 million tonnes Proved
- 820 million tonnes Probable

205 million tonnes of recoverable sulphate of potash (SOP)
- Largest volume of recoverable SOP of all greenfield projects

Shallow mineralisation allows open cut mining
- A safer mining method versus underground
- High resource recovery
- Reduced complexity
- High degree of selectivity
- Ideal for modular growth
- Proven method for salt mining in arid regions

Conversion of Mineral Resource to Ore Reserve estimates for selected potash (MOP and SOP) projects

<table>
<thead>
<tr>
<th>Method</th>
<th>Conversion Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colluli</td>
<td>100%</td>
</tr>
<tr>
<td>Underground</td>
<td>52%</td>
</tr>
<tr>
<td>Solution Mining</td>
<td>22%</td>
</tr>
</tbody>
</table>

1. Underground mining methods and applications, company reports
2. Danakali Reserve, Allana Potash, IC Ochoa

Photo: Danakali employee checking drill hole coordinates
Colluli Ore Reserve in perspective

Colluli Ore Reserve estimate dwarfs many planned and current large scale operations

<table>
<thead>
<tr>
<th>Company</th>
<th>Project</th>
<th>Design Capacity (Mtpa)</th>
<th>Mine Life (yrs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IC Potash</td>
<td>Ochoa</td>
<td>0.75</td>
<td>50</td>
</tr>
<tr>
<td>Potash Ridge</td>
<td>Blawn Mountain</td>
<td>0.65</td>
<td>40</td>
</tr>
<tr>
<td>Allana</td>
<td>Danakhil Project</td>
<td>1.00</td>
<td>20</td>
</tr>
<tr>
<td>Highfield</td>
<td>Muga</td>
<td>1.12</td>
<td>24</td>
</tr>
<tr>
<td>Potash Corp</td>
<td>New Brunswick</td>
<td>0.80</td>
<td>107</td>
</tr>
<tr>
<td></td>
<td>Cory</td>
<td>1.50</td>
<td>125</td>
</tr>
<tr>
<td></td>
<td>Allan</td>
<td>1.40</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Rocanville</td>
<td>2.80</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>Lanigan</td>
<td>3.40</td>
<td>85</td>
</tr>
<tr>
<td><strong>South Boulder Mines</strong></td>
<td><strong>Colluli</strong></td>
<td><strong>0.850</strong></td>
<td><strong>243</strong></td>
</tr>
</tbody>
</table>

Ore Reserve estimates for selected potash (MOP and SOP) projects
Million tonnes$^{1,2}$

1. Company websites, Potash Corp annual report
2. MOP = Muriate of Potash, otherwise known as potassium chloride
3. SOP = sulphate of potash, otherwise known as potassium sulphate
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

Distance to coast for selected SOP projects

1. Company announcements: Allana Potash, Circum
2. Danakali Analysis

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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.
Top end of the quality spectrum

The SOP Quality Spectrum
%K₂O versus SOP product¹,²

Colluli Pilot Plant
52.9% K₂O (98% pure)

Industry Average
51% K₂O (94% pure)

1. Company websites
2. Colluli salt pilot plant tests

Colluli pilot test generated SOP samples for marketing²

**Colluli Soluble**
Fine powder – rapidly dissolves in water. Suitable for open feed fertigation, foliar feeding and greenhouse and hydroponic systems

**Colluli Standard**
Suitable for application on hardy crops and in manufacture of compound fertilisers

**Colluli Granular**
Suitable for bulk blends, mechanised spreading and for manual application
Commercially proven process

- The Colluli resource salt composition is highly favourable for SOP production
- The resource contains both kainite and sylvite (KCl)
- Combining these salts in water results in a high yield, ambient temperature conversion to SOP
- Process uses simple mineral processing units including conventional flotation, mixing tanks and centrifuges
- This process is the most commonly used for the primary production of SOP
- One important difference is that Colluli salts are mined in solid form versus potassium rich brines

Colluli SOP Production Process Overview

- High potassium yield, ambient temperature conversion to SOP
- Colluli SOP production process design reviewed and endorsed by Technical Review Committee comprising selected industry experts
Salts mined in solid form – a distinct advantage

Smaller surface footprint and reduced infrastructure

- Naturally occurring or solution mining generated potassium rich brines require pre-processing ponds to produce harvest salt for subsequent processing
- Salts in solid form only require evaporation ponds to improve overall recovery – sizes much smaller

Reduced water consumption

- Relative to solution mining, water consumption is very low
- Low impact on sub-surface water resources

Faster production ramp up

- No pre-production evaporation required to generate harvest salts

Photo: Cores from the Colluli resource
Lowest operating costs and capital intensity

• Economically attractive prefeasibility study for a two phase development for production of sulphate of potash (SOP). PFS indicates:
  
  ➢ **Lowest operating costs for SOP production globally**
  ➢ **Lowest capital intensity of advanced greenfield SOP projects globally**
  ➢ Phase I demonstrates robust economics with significant upside in Phase II
  ➢ **Colluli is one of only two SOP projects in the world with development capital <US$450m**

• Underpinned by a large resource with the capability of potash product diversification, the project can support a pipeline of projects to grow capacity well beyond Phase II

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1. CRU Research, EPM Mining presentation 2014, Company websites, Integer Research
2. Danakali prefeasibility Study

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**Mine gate operating costs for SOP production**
US$ per tonne

<table>
<thead>
<tr>
<th></th>
<th>Phase I = 425ktpa SOP</th>
<th>Phase II = additional 425ktpa SOP</th>
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<td><strong>5 years post phase I commissioning</strong></td>
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**Capital intensity of advanced SOP projects**
US$ per tonne

<table>
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<tr>
<th></th>
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<th>Colluli Phase I</th>
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Excellent access to markets of the future

Billions

North America

Europe

Africa

India

China

Other Asia

Oceania

Compass Minerals
Utah, USA

SQM
Salar de Atacama, Chile

Colluli is centered around major population growth regions

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Colluli Summary

- Economically favourable prefeasibility study
- Large, long life, expandable resource
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Thank you

Colluli: Positively Unique
South Boulder Mines owns 50% of the Colluli Mining Share Company (CMSC) and is working with its Joint Venture partner, the Eritrean National Mining Company (ENAMCO) to develop the Colluli Potash Project in Eritrea, East Africa. The project is 100% owned by CMSC.

The Colluli project is positively unique. The investment drivers are:

- Large resource containing over 1.2 billion tonnes of potassium bearing salts, suitable for the production of potash fertiliser - an essential, non-substitutable source of potassium for plant growth
- A unique potassium salt composition which allows the production of a diverse range of potash types
- Composition is particularly favourable for the production of sulphate of potash (SOP) - a high quality fertiliser that achieves a price premium over the more common potassium chloride
- Economically viable resources for primary production of SOP are geologically scarce
- Colluli has unrivalled access to the coast and is the closest SOP resource to a coastline anywhere in the world
- Shallow mineralisation allows open cut mining which gives superior resource recovery relative to alternate mining methods.
- High purity product – Colluli SOP is at the top of the quality spectrum
- Positive prefeasibility study results indicating lowest capital intensity and lowest operating costs for SOP production
- Substantial project upside from rocksalt, gypsum and magnesium chloride
- Experienced and capable management team with track record of delivery
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
- Unmatched proximity to coast
- Large resource
- Highest purity product

Positively Unique
Economically favourable PFS

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$^2$ Incremental additional capital
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.

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.

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.
Delivering on our commitments

- Strengthened balance sheet with two above market capital raisings
- Strengthened board composition with the appointment of John Fitzgerald
- Completed JORC 2012 compliant resource review on Colluli
- Delivered an economically robust PFS for production of SOP
- Submitted 70% of environmental baseline assessments
- Completed Technical review of PFS process design
- Initiated definitive feasibility study
- Initiated optimisation and pilot testing of DFS process design
- Generated high purity SOP samples for product marketing
- Declared 1.1Bt Maiden Ore Reserve
- Appointed Head of Market Development

On track to complete DFS by Q3 2015
A positive future – development and production focus

**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...**

**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.
## Development timeline

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<tr>
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<tbody>
<tr>
<td>Metallurgical testwork</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
</tr>
<tr>
<td>Preliminary feasibility Study</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>Finalise resource</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>Optimisation and pilot tests</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>Definitive feasibility study</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>Social Environmental Impact Assess</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
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<td>Mining License Application</td>
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<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
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<tr>
<td>Funding</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
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<tr>
<td>Detailed Engineering</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>Phase I Construction</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
</tbody>
</table>
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
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 chloride(^1)</td>
<td>MOP</td>
<td>315</td>
<td>Canada, Russia, Middle East, China</td>
<td>Very high</td>
</tr>
<tr>
<td>Potassium magnesium sulphate(^2)</td>
<td>SOP-M</td>
<td>400</td>
<td>United states</td>
<td>Very low</td>
</tr>
<tr>
<td>Potassium Sulphate(^3)</td>
<td>SOP</td>
<td>720</td>
<td>United states, Chile, China</td>
<td>Very low</td>
</tr>
<tr>
<td>Potassium Nitrate(^4)</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
Developing economies will be the growth engine for food and fertilisers

98% of population growth will be driven by less developed regions; 62% in Africa alone

Source: United Nations, FAO

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

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

Colluli start up module focuses on SOP

- Improves yields, quantity, taste and enhances shelf life
- Especially valued for chloride sensitive crops, where it increases yields:
  - Fruits
  - Vegetables
  - Nuts
  - Tea
  - Coffee
  - Beans
- SOP is also highly valued in arid regions with low rainfall, and salinity affected soils

SOP Demand growing strongly

- 4% CAGR and approx. 2 million tonnes of SOP growth projected over next decade

Source: Parthenon Analysis, EPM Mining
SOP: Supply constrained market with limited greenfield developments

SOP Prices Up

- While MOP prices have dropped since 2010, SOP prices in the US continue to climb and Europe remains stable at higher than historical premiums
- Since 2006, MOP prices have increased 72% while SOP prices have increased by 165%

Limited advanced projects (PFS or DFS)

- Only two greenfield SOP developments with completed DFS
- Only three greenfield projects with completed PFS (including Colluli)
Limited global supply options

Limited low cost potassium sulphate (SOP) resources globally

<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 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.
Africa and India will dominate growth in food consumption, driven by population growth and rising economic wealth.
95% of global population growth in close proximity to Colluli

Colluli is centered around major population growth regions

- North America: 0.23 (1970), 0.36 (2015), 0.45 (2050)
- South America: 0.76 (1970), 1.70 (2015), 2.16 (2050)
- Europe: 0.66 (1970), 0.74 (2015), 0.71 (2050)
- China: 0.81 (1970), 1.40 (2015), 1.38 (2050)
- Other Asia: 0.76 (1970), 1.70 (2015), 2.16 (2050)
- Oceania: 0.02 (1970), 0.04 (2015), 0.06 (2050)
- Compass Minerals Utah, USA
- SQM Salar de Atacama, Chile

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Logistically favourable relative to key markets

Source: Sea distances.org, Company websites, Danakali analysis

Major population growth centres
Unparalleled delivered cost advantage

To: Port Reitz (Kenya)
$69 – 191/t cost advantage delivered to Kenya

To: Mangalore (India)
$67 – $177/t cost advantage delivered to India

To: Zhanjiang (China)
$61 – $143/t cost advantage delivered to China

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.
The Danakil region – a globally significant potash basin

Geographically favourable

Large basin in close proximity to coast

Highly accessible
The Danakil region – a globally significant potash basin

- Potential of the Danakil recognised by major fertiliser players
  - ICL
    - Market Cap: US$9B
    - Currently finalising the purchase of Allana Potash
  - YARA
    - Market Cap: US$14.5B
    - Recently completed DFS on sulphate of potash project

- Over 9 billion tonnes of measured and indicated potassium bearing salts identified in the Danakil region to date

- Seismic data indicates potentially an additional 7 to 9 billion tonnes

---

1. Company announcements: Allana Potash, Danakali, Circum
2. Circum company website
3. Yara have completed a DFS for 600,000 tonnes per annum of sulphate of potash production. No resource data published
The Danakil is one of only three regions in the world with substantial volumes of Kainite, the most important potassium salt for the primary production of SOP.

SOP is a premium sulphur bearing potash fertiliser that achieves a substantial price premium over the more common potassium chloride (MOP).

Other major Kainite rich regions have exhausted resources beyond economic sustainability.

While highly suitable for the production of SOP, the suite and composition of potassium salts in Colluli also allows the production of a variety of potash types.

2. Kainite rich deposits previously mined in Sicily, Ukraine and Germany. Germany has depleted resources.
Colluli is a large, long life, expandable resource

- **1.1 billion tonnes of Ore Reserve**
  - 287 million tonnes Proved Ore Reserve
  - 820 million tonnes Probable Ore Reserve
  - Largest SOP resource of advanced projects

- 97% of Measured Resource converted to Proved Ore Reserve

- 88% conversion of Measured and Indicated Resource to Proved and Probable Ore Reserve

- Approximately 205 million tonnes of SOP contained in Ore Reserve
Colluli has the best access to both resource and market

- Colluli contains the shallowest mineralisation in the Danakil
  - Mineralisation commences at just 16m depth
  - Excellent geological continuity
  - Amenable to open cut mining

- Colluli has the best access to the Red Sea coast
  - Planned export facility only 75km from the Colluli mine site
  - Only 180km from the Port of Massawa
  - Trucking in Ethiopia Dallol region to Djibouti over 600km

1. Company announcements: Allana Potash, Danakali
2. Circum data taken from SEDAR publications for Agriminco
3. Allana and Circum projects are both located in Ethiopia
High resource recoveries primarily the result of open pit mining

- Open pit mining substantially increases the mineable material
  - No resource loss for roof support
  - Room and pillar mining for potash sterilises approximately 50 to 55% of the resource\(^1\)
  - No solution mining complexities
  - Losses from roof support
  - Geological continuity and seam thickness
  - Preferentially soluble salt types
- In addition to high resource recovery, open pit mining also has the advantages of
  - Safety – safer working conditions and better safety record than underground mining
  - Expandability – open cut mining offers ease of growth using the principles of modularity
  - Selectivity – salts within diverse suites can be selectively mined, allowing consistent grade and stable processing operations

Conversion of Mineral Resource to Ore Reserve estimates for selected potash (MOP and SOP) projects

<table>
<thead>
<tr>
<th></th>
<th>Colluli</th>
<th>Underground</th>
<th>Solution Mining</th>
</tr>
</thead>
<tbody>
<tr>
<td>In situ product in Mineral Resource</td>
<td>88%</td>
<td>52%</td>
<td>22%</td>
</tr>
<tr>
<td>In situ product in Ore Reserve estimate</td>
<td>82%</td>
<td>52%</td>
<td>25%</td>
</tr>
</tbody>
</table>

In situ product in Mineral Resource and in situ product in Ore Reserve estimates for selected potash (MOP and SOP) projects

Million tonnes \(^{1,2}\)

1. Underground mining methods and applications, company reports
2. Danakali Mineral Reserve, Allana Potash, IC Ochoa
3. IC Ochoa mine life run over 50 years
Open pit mining and surface reclamation of salts proven and positive

<table>
<thead>
<tr>
<th>Mine Method</th>
<th>Selectivity of salts</th>
<th>Expandability</th>
<th>Resource Recovery</th>
<th>Surface Operational footprint</th>
<th>Water Requirements</th>
<th>Subsidence risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open cut</td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
</tr>
<tr>
<td>Underground Mining</td>
<td><img src="#" alt="Green" /> <img src="#" alt="Red" /></td>
<td><img src="#" alt="Green" /> <img src="#" alt="Red" /></td>
<td><img src="#" alt="Green" /> <img src="#" alt="Red" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /></td>
<td><img src="#" alt="Green" /> <img src="#" alt="Red" /></td>
</tr>
<tr>
<td>Solution Mining</td>
<td><img src="#" alt="Red" /> <img src="#" alt="Green" /></td>
<td><img src="#" alt="Red" /> <img src="#" alt="Green" /></td>
<td><img src="#" alt="Red" /> <img src="#" alt="Green" /></td>
<td><img src="#" alt="Red" /> <img src="#" alt="Green" /></td>
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<td><img src="#" alt="Red" /> <img src="#" alt="Green" /></td>
</tr>
</tbody>
</table>

- **Most favourable**
- **Least favourable**

1. Danakali Analysis
2. Colluli is planned as an open cut mine

*Open Pit Salt Mining, Salar Grande*  
*Salt Lake Surface Mining, Turkey*  
*Wirtgen Surface Miner Cutting Salt*
### Colluli Potash Type Production Potential

<table>
<thead>
<tr>
<th>Danakil Potential</th>
<th>Potash Type</th>
<th>Also known as</th>
<th>Sale Price US$/tonne</th>
<th>Nutrients</th>
<th>Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Potassium Chloride</td>
<td>MOP</td>
<td>315</td>
<td>Potassium</td>
<td>Staple – wheat, corn, chloride tolerant crops</td>
</tr>
<tr>
<td>✓</td>
<td>Sulphate of Potash Magnesia</td>
<td>SOP-M</td>
<td>400</td>
<td>Potassium, sulphur and magnesium</td>
<td>Specialty fertiliser, high value crops, limited production centres</td>
</tr>
<tr>
<td>✓</td>
<td>Potassium Nitrate</td>
<td>NOP</td>
<td>900</td>
<td>Potassium and nitrogen</td>
<td>Chloride intolerant and specialty crops such as fruits, vegetables, nuts, beans and coffee</td>
</tr>
</tbody>
</table>


- The variety of potassium salts in the Danakil basin provides unrivalled potash diversification opportunities that cannot be replicated by any other potash basin in the world
- Colluli has the largest advantage of potash product diversification due to selective mining of potassium salts from open pit operations
- The potential potash suite includes sulphate of potash (SOP), sulphate of potash magnesia (SOP-M) and muriate of potash (MOP)
Colluli infrastructure solution based on modularity

- Simpler logistics
- Reduced Earthworks
- Ease of expandability
- Improved capital management
- Improved process ramp up

Modular Servicing Bays (example)
Modular Fuel Pods (example)
Modular Offices and Camp (example)
Phase II will make Colluli the third largest SOP producer globally

Global SOP Market approx. 6 Mtpa
Only two producers above 1Mtpa.

**Colluli Phase I:** Places Colluli in top 10 producers globally and allows non-disruptive market entry.

**Colluli Phase II:** Will place Colluli in the top 3 producers globally.

Modular development approach mitigates risks
- Safety
- Capital
- Process
- Market
DFS work well advanced

Project engineering and environmental teams have completed site visits. Pilot tests well advanced. On track for Q3 completion.
Social and environmental baselines well progressed

- Community engagement well advanced
- All social and environmental baseline assessments submitted to the Ministry of Environment
- Colluli exploration camp managed by closest community as needed
## Potential project upside

Markets for these products are well established

<table>
<thead>
<tr>
<th>Mineral Present at Colluli</th>
<th>Colluli Resource$^1$</th>
<th>Global Market Context</th>
</tr>
</thead>
<tbody>
<tr>
<td>rock salt (NaCl)</td>
<td>+ 650Mt</td>
<td>300Mtpa global salt market</td>
</tr>
<tr>
<td>halite (NaCl)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>bischofite (MgCl$_2$)</td>
<td>+200Mt</td>
<td>6 – 7Mtpa global market</td>
</tr>
<tr>
<td>anhydrite</td>
<td>Avg 4% (~40Mt)</td>
<td>187Mtpa Gypsum market</td>
</tr>
<tr>
<td>kieserite (MgSO$_4$)</td>
<td>40Mt</td>
<td>Established fertiliser segment</td>
</tr>
</tbody>
</table>

$^1$ Exploration targets
Eritrea – growing economy, maturing mining industry and stable jurisdiction

Fast growing economy

- Eritrea was ranked 11\textsuperscript{th} 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 (South Boulder Mines:ENAMCO) completed PFS

Stable jurisdiction

- 24 years of independence
- Stable government

Gross domestic Product (% year on year change)

Source: Economic Intelligence Unit, Economist
Eritrea mining law

1. Stable Tax Regime

2. Accelerated depreciation – straight line method over 4 years of all capital and pre-production costs

3. Generous reinvestment deduction
   • (5% of gross income)

4. 10 year carrying forward of losses

5. 0.5% import duty on mining inputs

6. Simple “one stop” licensing system
Eritrea – advancing

- **Population with Access to Safe Water**
  - 1991: 14%
  - 2014: 80%

- **Net Primary Enrolment in School**
  - 1991: 30%
  - 2014: 80%

- **Maternity Mortality**
  - 1991: 1700/100,000
  - 2014: 380/100,000

- **Under 5 Mortality**
  - 1991: 151/1000
  - 2014: 50/1000

- **Prevalence of HIV Aids**
  - 1991: 2.94%
  - 2014: 0.93%

- **Immunisation Coverage of 1 Yr olds**
  - 1991: 76%
  - 2014: 99%

- **Population with access to Electricity**
  - 1991: 20%
  - 2014: 38%
Colluli: Positively Unique