Finance News Network and Shaw & Partners investor event presentation

Danakali Limited (ASX: DNK) (Danakali, or the Company), is pleased to announce that the Company will present today at the Finance News Network and Shaw & Partners investor event in Sydney, Australia.

The presentation materials are attached to this announcement.

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Finance News Network and Shaw & Partners investor event

February 2018
Potassium is one of the 3 key plant macronutrients, along with Nitrogen and Phosphorous

- Essential for plant life
- Improves crop quality
- Increases nitrogen uptake
- Increases water use efficiencies

**Key plant macronutrients**

- **Nitrogen (N)**
- **Potassium (K)**
- **Phosphate (P)**

**2 key potash types**

- **MOP**
  - KCl
  - ~85% of potash supply / ~65Mtpa
  - 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$_4$
  - ~10% of potash supply / ~7Mtpa
  - High value chloride sensitive crops
  - Demand is inelastic (difficult to substitute)
  - Global supply shortage of primary resources
  - High margin

Source: CRU
SOP – demand drivers

SOP demand (ex China) is expected to grow at a ~3% CAGR out to 2040

1. Global population growth
2. Reduction in arable land
3. Changing dietary preferences
4. Under-application in developing countries

Significant efficiencies in Australia through fertiliser use

Global population growing at 80M people p.a.

Source: Integer, CSIRO, United Nations world population prospects, 2015
SOP – market dynamics

SOP commands a price premium over MOP because of its application on higher value chloride sensitive crops and lack of primary supply

- Over 50% of SOP supply produced through costly secondary production (Mannheim Process)
- Generates price floor to advantage of primary SOP producers
- SOP market to become undersupplied without capacity investment
- China consumes all that it produces and has export restrictions
- Significant demand upside if application rates rise to US and Chinese levels

SOP is used on high value, chloride sensitive crops
Fruits, vegetables, nuts, coffee and tea

[SOP premium over MOP has grown to over 130%]

Source: CRU, Integer Research, Danakali analysis
Colluli introduction

Strategically located SOP development project

- Located in the Danakil Depression on the Eritrean side of the Eritrea-Ethiopia border
  - Several other development projects exist in the Danakil Depression on the Ethiopian side, but their deposits are at a greater depth with a greater distance to port
- Colluli is 50% owned by Danakali and 50% owned by ENAMCO
- Colluli will be developed utilising a modular development approach
  - Module I expected to produce 472ktpa of premium SOP
  - Module II, commencing production in year 6 of the Project, will increase total SOP production to 944ktpa

1 Danakali’s disclosed economics reflect the dynamics of the Shareholder’s Agreement
2 ASX announcement 29-Jan-18
Colluli ore body

An exceptional resource

• The most favourable combination of potassium bearing salts available
• Shallow inclination, resource slope of only 1°
• Salts are layered with clear distinction

Colluli resource area

Stratification of the Colluli resource

Colluli potassium salt core
Colluli production

Positively unique suite of characteristics that allows for simple, proven, low risk and low-cost mining, processing and logistics

<table>
<thead>
<tr>
<th>Mining</th>
<th>Processing</th>
<th>Logistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Massive 1.1Bt Ore Reserve(^1)</td>
<td>• Simple, energy efficient, commercially-proven processing</td>
<td>• Closest SOP project to a coastline</td>
</tr>
<tr>
<td>• Shallowest evaporite deposit in the world</td>
<td>• Unique and favourable combination of potassium bearing salts</td>
<td>• Favourable logistics unlock product diversification 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>• 75km to Anfile Bay, potential site for future port development</td>
</tr>
</tbody>
</table>

Other SOP greenfield development projects typically face challenges such as depth of ore body, brine complexities, lack of scale, inconsistent grade, high energy processing, extensive evaporation pond requirements, and/or great distances to export facilities

\(^1\) ASX announcement 19-Feb-18
FEED overview

FEED completion confirms Colluli as the most advanced and economically attractive SOP greenfield development project

- Enhanced project economics
- Considerably higher level of accuracy than in DFS\(^9\)
- Industry leading capital intensity
- Forecast first quartile operating costs
- Project level NPV of US$902M with IRR of 29.9% for Modules I and II
- Critical milestone for finalisation of offtake and debt processes
- Multi-commodity potential of Colluli provides major additional upside

### Key Colluli FEED economic estimates and outcomes\(^1,\)\(^10\)

<table>
<thead>
<tr>
<th></th>
<th>Module I (^2)</th>
<th>Modules I &amp; II (^3,)(^4)</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>Strip ratio (waste:ore)</td>
<td>1.9</td>
<td>2.1</td>
</tr>
<tr>
<td>Module I development capital(^5)</td>
<td>US$302M</td>
<td>US$202M</td>
</tr>
<tr>
<td>Incremental Module II development capital(^4,)(^5)</td>
<td>US$640/t</td>
<td>US$534/t</td>
</tr>
<tr>
<td>Capital intensity(^5)</td>
<td>US$640/t</td>
<td>US$534/t</td>
</tr>
<tr>
<td>Incremental Module II capital intensity(^5)</td>
<td>US$427/t</td>
<td></td>
</tr>
<tr>
<td>Average mine gate cash costs(^6)</td>
<td>US$165/t</td>
<td>US$149/t</td>
</tr>
<tr>
<td>Average total cash costs(^6,)(^7)</td>
<td>US$258/t</td>
<td>US$242/t</td>
</tr>
<tr>
<td>Average annual undiscounted free cash flows(^6)</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>
<tr>
<td>Module I payback period(^8)</td>
<td>3.25 years</td>
<td></td>
</tr>
<tr>
<td>Danakali’s 50% share of the Project (post-debt basis)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average annual undiscounted free cash flows(^6)</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>

\(^1\) Economic estimates and outcomes reported in US$ real
\(^2\) Assumed that Module I is 60% debt / 40% equity funded
\(^3\) Module II production expected to commence in year 6
\(^4\) Assumed 100% funded from project cash flows and third-party debt
\(^5\) Including contingency, excluding sustaining and working capital
\(^6\) Average for first 60 years of production
\(^7\) Includes mine gate cash costs, product logistics, and royalties
\(^8\) Represents payback from date of first production

ASX announcement 30-Nov-15
ASX announcement 29-Jan-18
Industry leading economics

Colluli is without peer on capital intensity or valuation bases

Estimated capital intensity, development capex, annual SOP production and IRR for selected global PFS+ SOP development projects

Source: ASX announcement 29-Jan-18, other company announcements
Industry leading economics cont.

If operating in 2016, Danakali would have been the lowest cost SOP producer outside of China

Mine gate cash costs outside of China in 2016 (US$/t)

![Graph showing Mine gate cash costs outside of China in 2016 (US$/t)]

Opportunity for Colluli to displace high cost SOP supply

Source: Integer Research and Danakali analysis
Eritrea overview

Eritrea has experienced strong recent economic growth, and is focused on health, education and infrastructure

- One of the fastest growing economies globally\(^1\)
  - Drivers include mineral exports, agricultural output and infrastructure development
- Stable government with 26 years of independence
- Only sub-Saharan African country to meet its Millennium Development Goals by 2015\(^2\)
  - Large reductions in malaria, maternal mortality, and HIV/AIDS prevalence
  - Improved access to potable water and almost doubled adult literacy rates

Mining in Eritrea

- Successful track record in mining operations
- Danakali has a strong, effective working relationship with the Eritrean government through the CMSC JV
- Initial capital requirements will be funded equally by Danakali and the Eritrean government

Major Eritrean mining projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Ownership</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bisha (Au, Ag, Cu, Zn)</td>
<td>Nevsun 60% / ENAMCO 40%</td>
<td>Undergoing third expansion</td>
</tr>
<tr>
<td>Zara (Au)</td>
<td>SFECO 60% / ENAMCO 40%</td>
<td>Commissioned and producing</td>
</tr>
<tr>
<td>Asmara (Cu, Zn, Au)</td>
<td>Sichuan Road &amp; Bridge Mining Corp. 60% / ENAMCO 40%</td>
<td>Advanced stages of development</td>
</tr>
</tbody>
</table>

1. World Bank, The Economist
2. World Health Organisation
Danakali senior management

Danny Goeman, a highly experienced mining industry professional, recently assumed the role of CEO

Danny Goeman – Chief Executive Officer

- Joined Danakali in 2016 and has since developed the offtake strategy and offtake contract frameworks, and led the offtake negotiations on behalf of CMSC
- More than 25 years’ experience in sales and marketing, strategy development, and high level commercial negotiations
- More than 20 years with the Rio Tinto group of companies
- Experience across multiple commodities in multiple jurisdictions, and has significant customer engagement and international experience

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 Manager

- 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 Chimimwango 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
- Has been involved in raising more than A$10B in equity and hybrid capital for ASX-listed companies
Offtake, funding and project execution

With the Project’s study phase complete, Danakali is focusing on securing binding offtake agreements, advancing debt funding, executing the equity strategy and project execution.

**Focus areas in 2018 – project execution phase**

<table>
<thead>
<tr>
<th>Offtake</th>
<th>• Progress negotiations to final binding offtake agreements</th>
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<tbody>
<tr>
<td>EPCM</td>
<td>• Finalise negotiations with shortlisted bidders</td>
</tr>
<tr>
<td>Mining</td>
<td>• Finalise negotiations with shortlisted bidders</td>
</tr>
<tr>
<td>Power</td>
<td>• Finalise negotiations with preferred power provider Inglett &amp; Stubbs International</td>
</tr>
<tr>
<td>Equity</td>
<td>• Dual listing on the London Stock Exchange</td>
</tr>
<tr>
<td>Debt</td>
<td>• Finalise arrangements with commercial lenders</td>
</tr>
</tbody>
</table>
Colluli is the most advanced and economically attractive SOP greenfield development project globally with the platform in place to secure bankable offtake agreements, achieve financial close and execute the Project.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
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<tbody>
<tr>
<td>Fully permitted</td>
<td>High grade</td>
</tr>
<tr>
<td>1.1Bt Ore Reserve</td>
<td>Low cost, open-cut mining</td>
</tr>
<tr>
<td>~200 year mine life</td>
<td>Simple mineral processing</td>
</tr>
<tr>
<td>Shallowest evaporite deposit</td>
<td>High product yield</td>
</tr>
<tr>
<td>Significant diversification potential</td>
<td>Favourable logistics</td>
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<tr>
<td></td>
<td>Industry leading economics</td>
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<tr>
<td></td>
<td>Strong Board and management</td>
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<td></td>
<td>Supportive JV partner</td>
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<td></td>
<td>High profile share register</td>
</tr>
<tr>
<td></td>
<td>Outstanding social dividend</td>
</tr>
</tbody>
</table>

No other known SOP greenfield development project that has completed FEED

POSITIVELY UNIQUE

1  ASX announcement 19-Feb-18
Appendix

Solid form potassium salts vs. brines
SOP products
FEED accuracy
Corporate snapshot
Danakali senior management
Danakali Board
Colluli’s impact
Multi-commodity potential
Solid form potassium salts vs. brines

Colluli has extensive advantages over potassium bearing brines

1. Superior feed grade and higher potassium yields
2. Surface level deposit
3. Simplicity
   • Colluli processing plant utilises simple, proven, mineral processing units
   • Brine chemistry management is complex
4. Lower energy input
   • Colluli salts require no heating
   • In contrast, potassium brines can require heating to over 50°C for thermal decomposition
5. Consistent, predictable feed grade
6. Production rates are faster, predictable and not weather dependent
   • Production rates from brine projects are slower and directly proportional to weather conditions
7. Smaller footprint and water requirements
   • Colluli has no need for generation of harvest salt, no pre-production ponds, small evaporation ponds, and lower processing water requirements
   • Brine processes have large areas of inefficient evaporation ponds

SOP products

CMSC will produce a high grade premium SOP product

• Representative CMSC SOP samples have been assessed and well received by prospective offtakers
• Interest in procuring future CMSC SOP products remains high

CMSC SOP products
Standard, Granular and Soluble (all 96% K₂SO₄ / 52% K₂O)¹,²

SOP is used on high value, chloride intolerant crops
Fruits, vegetables, nuts and coffee

¹ ASX announcements 25 Feb 15, 23 Sep 15, 30 Nov 15, 15 Aug 16, 29 Jan 18 and 19 Feb 18
FEED accuracy

Operating and capital cost accuracy level of ±10%

- Undertaken by highly qualified, industry recognised consultants
- Optimisation opportunities included in the final assessment
- Majority of cost estimates supported by formal vendor/contractor pricing
- No other known SOP greenfield development project that has completed FEED
- The typical accuracy levels of other studies illustrate the advanced stage that FEED represents

Typical accuracy levels of mining project study phases

- Typical maximum range
- Typical minimum range

Colluli FEED for Module I has been completed to a ±10% level of accuracy

The vast majority of greenfield SOP development projects are at PFS level or earlier

Source: AACE
Corporate snapshot

Danakali has experienced strong share price performance during the progression of the Colluli study phase, and a reasonable capital buffer and high profile share register are in place.

Share price and liquidity since January 2015

Capital structure
As at 19 February 2018
- Share price: A$0.707
- Shares on issue\(^1\): 252.9M
- Market capitalisation: A$178.8M
- Cash (31-Dec-17): A$15.5M
- Debt (31-Dec-17): -
- Enterprise value: A$163.3M

Key shareholders
- Well Efficient: Chinese private equity, 11.9%
- JPMorgan AM UK: Global fund manager, 8.7%
- Capital Group: Global fund manager, 6.6%
- Chairman: Seamus Cornelius, 3.9%
- Non-Executive Director: Paul Donaldson, 1.1%

\(^1\) "Shares on issue" does not include 18.7M unlisted options with exercise prices ranging from A$0.35 to A$0.96 and expiry dates ranging from 30-Mar-18 to 19-May-20, or 1.4M performance rights.

Source: BellDirect
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Background and Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seamus Cornelius</td>
<td>Chairman</td>
<td>Corporate lawyer with over 20 years experience in the resource sector • Former partner at one of Australia’s leading law firms • Chairman of Duketon Mining, Montezuma Mining, and Buxton Resources</td>
</tr>
<tr>
<td>Bob Connochie</td>
<td>Non-Executive Director</td>
<td>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</td>
</tr>
<tr>
<td>John Fitzgerald</td>
<td>Non-Executive Director</td>
<td>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 Chairman of Carbine Resources, and Non-Executive Director of Northern Star Resources</td>
</tr>
<tr>
<td>Andre Liebenberg</td>
<td>Non-Executive Director</td>
<td>Mining industry professional with extensive investor market, finance, business development and leadership experience • Over 25 years in private equity and investment banking, and senior roles at BHP Billiton and QKR Corporation</td>
</tr>
<tr>
<td>Paul Donaldson</td>
<td>Non-Executive Director</td>
<td>25 years industry experience in senior management roles at BHP • Extensive experience in technical project management, open cut mining operations, marketing and supply chain • Roles at BHP included: Head of the BHP Carbon Steel Materials Technical Marketing Team, management of the Port Hedland iron ore export facility, GM of Mining Area C</td>
</tr>
<tr>
<td>Zhang Jing</td>
<td>Non-Executive Director</td>
<td>Previously held project management roles in publicly listed companies in China • Over 15 years of international trading and business development experience in China</td>
</tr>
</tbody>
</table>
Colluli’s impact

Eritrea stands to benefit from the long term economic, social and community dividends that Colluli will generate

• Positive impact through infrastructure, job creation, taxes, royalties, and associated economic development

• Creation of hundreds of permanent jobs for Eritrean nationals

• Long term training for trades and professionals

• Stakeholder engagements have been held with representatives of various local communities

• Deep understanding of each communities’ interests developed

• Social and Environmental Impact Assessments and Management and Monitoring Plans have been developed in line with the Equator Principles¹

• Strong ongoing community support for the Project

¹ The Equator Principles are a risk management framework used to manage the environmental and social risk in projects, see Danakali’s website for the SEIA and SEMPs -
Multi-commodity potential

Modular development approach underpins highly scalable, long life project

• ~200 years of mining at FEED SOP production rates\(^1\)
• Low incremental growth capital for further modules given open-cut mining
• Favourable logistics
• Potassium salt combination suitable for production of SOP, SOP-M and MOP
• Appreciable amounts of rock salt (within overburden), gypsum, kieserite and magnesium chloride\(^1\)
• SOP-M and rock salt product specifications have been developed\(^2\)

Significant expansion and multi-commodity potential

Kieserite: 85Mt Ore Resource @ 7% MgSO\(_4\).H\(_2\)O\(^1\)
Rock salt: 347Mt Ore Resource @ 97% NaCl\(^1\)
Gypsum and magnesium chloride detected but not yet assessed

SOP
SOP-M
MOP

1.3Bt Ore Resource @ 11% K\(_2\)O equiv.\(^1\)
1.1Bt Ore Reserve @ 10.5% K\(_2\)O equiv.\(^1\)

Kieserite
Rock salt
Gypsum
MgCl\(_2\)

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<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>DFS</td>
<td>• Definitive Feasibility Study, refer ASX announcement 30 November 2015 for the Colluli results</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>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>MOP</td>
<td>• Muriate of Potash (KCl)</td>
</tr>
<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>PFS</td>
<td>• Pre-Feasibility Study, refer ASX announcement 4 March 2015 for the Colluli results</td>
</tr>
<tr>
<td>The Project</td>
<td>• The Colluli Potash Project</td>
</tr>
<tr>
<td>SEIA</td>
<td>• Social and Environmental Impact Assessment</td>
</tr>
<tr>
<td>SEMP</td>
<td>• Social and Environmental Management and Monitoring Plans</td>
</tr>
<tr>
<td>SOP</td>
<td>• Sulphate of Potash (K₂SO₄)</td>
</tr>
<tr>
<td>SOP-M</td>
<td>• Sulphate of Potash Magnesia (K₂SO₄·MgSO₄·4H₂O)</td>
</tr>
</tbody>
</table>
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.
About Danakali Limited

Danakali Limited (ASX: DNK) (Danakali), or the Company, is an ASX-listed company and 50% owner of the Colluli Potash Project (Colluli or the Project) in Eritrea, East Africa. The Company is currently developing Colluli in partnership with the Eritrean National Mining Corporation (ENAMCO).

The Project is located in the Danakil Depression region of Eritrea, and is ~75km from the Red Sea coast, making it one of the most accessible potash deposits globally. Mineralisation within the Colluli resource commences at just 16m, making it the world’s shallowest potash deposit. The resource is amenable to open pit mining, which allows higher overall resource recovery to be achieved, is generally safer than underground mining, and is highly advantageous for modular growth.

The Company has completed a Front End Engineering Design (FEED) for the production of potassium sulphate, otherwise known as SOP. SOP is a chloride free, specialty fertiliser which carries a substantial price premium relative to the more common potash type; potassium chloride (or MOP). Economic resources for production of SOP are geologically scarce. The unique composition of the Colluli resource favours low energy input, high potassium yield conversion to SOP using commercially proven technology. One of the key advantages of the resource is that the salts are present in solid form (in contrast with production of SOP from brines) which reduces infrastructure costs and substantially reduces the time required to achieve full production capacity.

The resource is favourably positioned to supply the world’s fastest growing markets.

Our vision is to bring Colluli into production using the principles of risk management, resource utilisation and modularity, using the starting module (Module I) as a growth platform to develop the resource to its full potential.

Competent Persons Statement (Sulphate of Potash Mineral Resource)

Colluli has a JORC-2012 compliant Measured, Indicated and Inferred Mineral Resource estimate of 1,289Mt @ 11% K₂O. The resource contains 303Mt @ 11% K₂O of Measured Resource, 951Mt @ 11% K₂O of Indicated Resource and 35Mt @ 10% K₂O of Inferred Resource.

The information relating to the 2015 Colluli Mineral Resource estimate is extracted from the report entitled “Colluli Review Delivers Mineral Resource Estimate of 1.289Bt” disclosed on 25 February 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.

Competent Persons Statement (Sulphate of Potash Ore Reserve)

The January 2018 Colluli Ore Reserve is reported according to the JORC Code and estimated at 1,100Mt @ 10.5% K₂O Equiv. The Ore Reserve is classed as 285Mt @ 11.3% K₂O Equiv. Proved and 815Mt @ 10.3% K₂O Equiv. Probable. The Competent Person for the estimate is Mr Mark Chesher, a mining engineer with more than 30 years’ experience in the mining industry. Mr Chesher is a Fellow of the Australasian Institute of Mining and Metallurgy, a Chartered Professional, a full-time employee of AMC Consultants Pty Ltd (AMC), and has sufficient open pit mining activity experience relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code. Mr Chesher consents to the inclusion of information relating to the Ore Reserve in the form and context in which it appears.

In reporting the Mineral Resources and Ore Reserves referred to in this public release, AMC 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.

Competent Persons Statement (Rock Salt Mineral Resource)

Colluli has a JORC-2012 compliant Measured, 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.
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.

Halite 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⁺, Cl⁻, 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.

Forward looking statements and disclaimer

The information in this document is published to inform you about Danakali and its activities. Danakali 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 document, 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 Colluli will proceed as planned. Accordingly, readers should not place undue reliance on forward looking information. Mineral Resources and Ore Reserves have been reported according to the JORC Code, 2012 Edition. To the extent permitted by law, the Company accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this document. Recipients should make their own enquiries in relation to any investment decisions.

Mineral Resource, Ore Reserve, and financial assumptions made in this presentation are consistent with assumptions detailed in the Company’s ASX announcements dated 25 February 2015, 23 September 2015, 15 August 2016, 1 February 2017 and 29 January 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.