Announcement

Thursday, 7 March 2019

Proactive Investors One2One Investor Forum presentation

Danakali Limited (ASX: DNK, LSE: DNK) (Danakali) is pleased to share the investor presentation that Executive Chairman, Seamus Cornelius, will present at the Proactive Investors One2One Investor Forum today in London.

Key event details:
- Date – 7 March 2019
- Time – 6:00pm-8:00pm (approximately), Danakali presenting first at 6.00pm (approximately)
- Location – Chesterfield Mayfair Hotel, 35 Charles Street, Mayfair

Link to the event registration: [https://www.proactiveinvestors.com/register/event_details/191](https://www.proactiveinvestors.com/register/event_details/191)

For more information, please contact:

Danakali
Seamus Cornelius
Executive Chairman
+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 / George Yeomans / Sarah Hourahane
danakali@instinctif.com
+44 (0)207 457 2020

— — — ENDS — — —
Advanced stage with outstanding economics
Investor presentation

Seamus Cornelius, Executive Chairman

March 2019
Introduction to Danakali

Developing Colluli, an advanced and economically attractive potash (SOP) development project

<table>
<thead>
<tr>
<th>Exceptional project economics</th>
<th>Industry leading capital intensity</th>
<th>First quartile operating costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPV US$902M IRR 29.9%</td>
<td>US$534/tpa Average of Modules I &amp; II</td>
<td>US$242/t FOB / Average of Modules I &amp; II</td>
</tr>
</tbody>
</table>

SOP is undersupplied and demand is growing

- Used on high value, chloride-sensitive crops
- Difficult to substitute
- High margin
- The premium potash type

Food demand is expected to increase 59%-98% by 2050 from 2005 levels

Binding, take-or-pay offtake agreement with EuroChem

- EuroChem will take, pay, market and distribute up to 100% of Colluli Module I SOP production
- 10 year term with 3 year extension option

US$200M debt finance mandate executed

- Funding for construction and development of Colluli
- Supported by African development finance institutions AFC and Afreximbank

---

1. DNK announcement, 29-Jan-18
2. Integer Research
3. Stratfor | WorldView, 6-Sep-18
4. DNK announcement, 12-Jun-18
6. DNK announcement, 6-Dec-18
Corporate snapshot

Strong share price performance during the Colluli study and (now) execution phases – increase of >300% 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%

<table>
<thead>
<tr>
<th>Share price (A$)</th>
<th>£ (LSE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A$0.800</td>
<td>£0.450</td>
</tr>
</tbody>
</table>

| Shares on issue | 264.4M  | 264.4M  |

<table>
<thead>
<tr>
<th>Market capitalisation</th>
<th>A$211.5M</th>
<th>£119.0M</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Cash (31-Dec-18)</th>
<th>A$9.6M</th>
<th>£5.2M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt (31-Dec-18)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enterprise value</th>
<th>A$201.9M</th>
<th>£113.8M</th>
</tr>
</thead>
</table>

Source: BellDirect, LSE website, S&P CapIQ

1. ASX values as at close on 6-Mar-19, LSE values as at close on 5-Mar-19; "Shares on issue" does not include 4.71M unlisted options with exercise prices ranging from A$0.543 to A$1.03 and expiry dates ranging from 20-Jun-19 to 24-Jan-22, or 1.32M performance rights.
2. Exchange rate of 0.54/A$
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**

```
<table>
<thead>
<tr>
<th></th>
<th>Nitrogen (N)</th>
<th>Potassium (K)</th>
<th>Phosphorous (P)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
```

- **MOP**
  - KCl
  - ~66.6Mtpa
  - <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**
  - K₂SO₄
  - ~7.3Mtpa
  - >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
**SOP – key demand drivers**

**The SOP market is growing and highly profitable**

**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 1950 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)
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\(^3\)

[Diagram showing ownership structure with 3 Board seats each for Colluli and FANAMCO, totaling 50% each]

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

**Mining**

- Shallow, light inclination, limited flora and fauna, and no communities in immediate vicinity
- Simple, low cost, open-cut mining
- Conventional truck and shovel methods utilised, complemented by continuous surface miners

**Processing**

- Simple, energy efficient, commercially-proven processing
- Unique and favourable combination of potassium bearing salts
- Colluli salt composition ideal for low energy, high yield conversion to SOP at ambient temperatures
- No pre-evaporation ponds necessary, reducing capex requirements and time to revenue

**Logistics**

- Closest SOP project to a coastline
- Favourable logistics unlock multi-commodity potential
- 230km by road to the well-established Massawa port
- 87km to Anfile Bay, potential site for future port development

**Other SOP greenfield developments typically face challenges such as**

- Depth of ore body
- Inconsistent grade
- Lack of scale
- Brine complexities
- Energy intensive
- Extensive evaporation pond requirements
- Large distances to coast
- Large distance to export facilities
- Lack of established infrastructure

---

1. DNK announcement, 29-Jan-18
2. Peer company announcements
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.

The Colluli resource area

The Port of Massawa
FEED results overview

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

- Considerably higher level of accuracy than DFS with enhanced project economics
- Critical milestone for finalisation of offtake (complete) and debt funding (strong progress made)
- Anfile Bay port, expansion, potash diversification and multi-commodity potential could provide major additional upside

Key FEED economic estimates and outcomes

<table>
<thead>
<tr>
<th>Exceptional project economics</th>
<th>Low development capital</th>
<th>Industry leading capital intensity</th>
<th>First quartile operating costs</th>
<th>Exceptional cashflow</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPV (_\text{Project}) US$902M</td>
<td>US$302M Module I</td>
<td>US$534/tpa Average of Modules I &amp; II</td>
<td>US$242/t FOB/Average of Modules I &amp; II</td>
<td>&gt;US$10B Undiscounted over first 60 years</td>
</tr>
<tr>
<td>IRR (_\text{Project}) 29.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NPV (_\text{Company}) US$439M</td>
<td>US$202M Module II</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRR (_\text{Company}) 31.3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. DNK announcement, 30-Nov-15
2. DNK announcement, 12-Jun-18
3. DNK announcement, 6-Dec-18
4. DNK announcement, 29-Jan-18
5. Figures reported in US$ real, NPV and IRR are post-tax at project level, and post-financing at company level
6. All results over Modules I & II unless stated
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 SOP greenfield development peers.

### Production capacity

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

<table>
<thead>
<tr>
<th>Total</th>
<th>944ktpa</th>
</tr>
</thead>
</table>

### Life of mine

<table>
<thead>
<tr>
<th>Location</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
Capital intensity, valuation and returns

Colluli has attractive capital intensity, valuation and returns relative to SOP greenfield development peers

**Capital intensity**

<table>
<thead>
<tr>
<th>Project</th>
<th>Capital intensity (US$/t)</th>
<th>Post-tax project NPV (US$M)</th>
<th>Post-tax project IRR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colluli</td>
<td>Industry leading capital intensity and forecast first quartile operating costs leads to outstanding valuation and returns</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Mackay</td>
<td></td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Beyondie</td>
<td></td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Yara Dallol</td>
<td></td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Lake Wells</td>
<td></td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
</tbody>
</table>

**Lake Wells** is at Scoping Study Stage with -10%/+30% accuracy.

**Colluli** is at FEED stage with -10%/+10% accuracy.

Source: DNK announcements, 29-Jan-18 & 19-Feb-18, peer company announcements

1. Beyondie FEED NPV and IRR only disclosed in pre-tax form, which is not comparable.
Binding offtake agreement with EuroChem

Danakali is the only known SOP developer with a take-or-pay offtake agreement; instrumental in providing 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)

- 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
- Danakali and its debt advisor, Endeavour Financial, are working with Afreximbank and AFC to advance due diligence
- Subsequent negotiations have significantly advanced the project financing process placing CMSC in a strong position to advance Colluli

“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

Source: DNK announcements, 6-Dec-18
Multi-commodity potential

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

- Mine life of almost 200 years at FEED SOP production rates
- Low incremental growth capital for further modules given wide, open, barren area and open-cut mining
- Favourable logistics
- Potassium salt combination suitable for production of SOP, SOP-M and MOP
- Appreciable amounts of Rock Salt (mined as overburden), Gypsum, Kieserite and Magnesium Chloride
- SOP-M and Rock Salt (and SOP) product specifications have been developed

Significant expansion, potash diversification and multi-commodity potential not currently factored into FEED economics

1.3Bt Mineral Resource @ 11% K₂O equiv.¹
1.1Bt Ore Reserve @ 10.5% K₂O equiv.¹

Kieserite: 85Mt Ore Resource @ 7% MgSO₄.H₂O¹
Rock salt: 347Mt Ore Resource @ 97% NaCl¹

Gypsum and magnesium chloride detected but not yet assessed¹


² DNK announcements 25-Feb-15, 23-Sep-15, 15-Aug-16, 29-Jan-18 and 19-Feb-18
Eritrea overview

Eritrea’s development aspiration is to achieve rapid, balanced, home-grown and sustainable economic growth while ensuring social equity and justice

- Stable government and rapidly improving geopolitical dynamics
  - Recent rapprochement with Horn of Africa neighbours
- One of the fastest growing economies globally\(^1\)
  - Driven by mining, agriculture and infrastructure
- Supportive laws for mining investment
  - Accelerated depreciation (straight line, 4 years)
  - 10-year carrying forward of losses
- High profile investment in Nevsun\(^2\) and Danakali
  - JPMorgan, Capital Group, Fidelity, BlackRock, Vanguard and M&G

<table>
<thead>
<tr>
<th>Major mining projects in Eritrea(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bisha</strong></td>
</tr>
<tr>
<td>Au, Ag, Cu, Zn</td>
</tr>
<tr>
<td>Nevsun 60% / ENAMCO 40%</td>
</tr>
<tr>
<td>Third mine expansion complete</td>
</tr>
<tr>
<td>Nevsun (NSU.TSE) is being acquired by Zijin Mining for US$1.4B</td>
</tr>
</tbody>
</table>
Rapid diplomatic progress in the Horn of Africa

2 April 2018
Ethiopian Prime Minister Abiy Ahmed elected

11 September 2018
Eritrea-Ethiopia border opens for first time since 1998
- First Ethiopian ship docked in Eritrean port
- Flights resume between the two countries

The UN hailed the normalisation of relations in the Horn of Africa

14 November 2018
UN lifts decade-old arms embargo and targeted sanctions against Eritrea

28 December 2018
Zijin Mining acquisition of Nevsun Resources confirmed

8 February 2019
The EU announced a €20M investment into Eritrean roads

9 July 2018
‘Joint declaration of peace and friendship’ signed between Eritrea and Ethiopia
- Re-establishment of diplomatic and trade ties
- Reopening of respective embassies

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

The UN Security Council unanimously voted to lift 9-year-old sanctions against Eritrea that imposed travel bans, asset freezes and an arms embargo

31 January 2019
UNDP report on Colluli released highlighting positive impacts of the project for Eritrea
The UNDP have carried out an independent report on the value of Colluli to the Eritrean economy and agriculture

- Prepared by independent consultants for the UN Development Programme (UNDP) on Colluli’s potential contributions to Eritrea’s Sustainable Development Goals (SDGs)
- Identified Colluli as a potential blueprint for using mining to build economies in developing countries
- SDGs cover a broad range of social and economic development issues including poverty, health, education, environment, equality, water, energy, urbanisation 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 economics 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.
UNDP report – Colluli’s impact in Eritrea cont.

Colluli has the potential to create numerous benefits for Eritrea, including contribution to 13 of the 17 UN SDGs

Colluli is expected to make a positive contribution on 13 SDGs through 5 areas of direct impact

13 corresponding SDGs

<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>
</tr>
<tr>
<td>Environment</td>
<td>Good health and wellbeing for people</td>
</tr>
<tr>
<td>Fiscal effects</td>
<td>Quality education</td>
</tr>
<tr>
<td>Production of potash and other minerals and fertilisers</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></td>
<td>Reduced inequalities</td>
</tr>
<tr>
<td></td>
<td>Responsible consumption and production</td>
</tr>
<tr>
<td></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

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.
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

- SOP – Key demand drivers
- Colluli mine plan
- FEED overview
- Forecast first quartile operating costs
- How does Colluli compare? – Logistics
- How does Colluli compare? – Construction readiness
- Solid salts and open-cut mining
- Product specifications
- How does Colluli compare? – SOP producers
- Danakali Board
- Danakali senior management
- Technical glossary
SOP – Key demand drivers

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


**SOP markets**
- High-SOP / appropriate-use SOP markets
- Low-SOP / SOP-under-utilised markets

**Xkg/ha** represents kilograms of SOP used per hectare on SOP-favourable crops

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

**Forecast population growth**
- **Latin America (B):**
  - 2015: 0.42
  - 2050: 0.50
- **Africa (B):**
  - 2015: 1.19
  - 2050: 2.53
- **Asia (B) (ex China and India):**
  - 2015: 1.71
  - 2050: 2.23
- **India (B):**
  - 2015: 1.31
  - 2050: 1.66

Colluli mine plan

Colluli’s favourable resource characteristics allow simple, low cost, open-cut mining\(^1\)

- Proven and safer than underground mining
- Superior resource to reserve conversion (>85%)
- Low risk and complexity
- Potassium salts extracted in solid form
- Potential monetisation of other salts extracted as waste
- Expansion potential
- Low incremental growth capital

\(^1\) DNK announcement, 29-Jan-18
FEED overview

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

• Considerably higher level of accuracy than DFS with enhanced project economics

• Industry leading capital intensity

• Forecast first quartile operating costs

• Project level NPV of US$902M with IRR of 29.9% for Modules I & II

• Critical milestone for finalisation of offtake (complete) and debt processes (in progress)

• Expansion, potash diversification and multi-commodity potential could provide major additional upside

Key FEED economic estimates and outcomes

<table>
<thead>
<tr>
<th>Description</th>
<th>Module I</th>
<th>Modules I &amp; II</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% of the Project (equity / pre-debt basis)</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</td>
<td>US$302M</td>
<td></td>
</tr>
<tr>
<td>Incremental Module II development capital</td>
<td>US$202M</td>
<td></td>
</tr>
<tr>
<td>Capital intensity</td>
<td>US$640/t</td>
<td>US$534/t</td>
</tr>
<tr>
<td>Incremental Module II capital intensity</td>
<td>US$427/t</td>
<td></td>
</tr>
<tr>
<td>Average mine gate cash costs</td>
<td>US$165/t</td>
<td>US$149/t</td>
</tr>
<tr>
<td>Average total cash costs</td>
<td>US$258/t</td>
<td>US$242/t</td>
</tr>
<tr>
<td>Average annual undiscounted free cash flows</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)

<table>
<thead>
<tr>
<th>Description</th>
<th>Danakali</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual undiscounted free cash flows</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  | 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 |
9  | DNK announcement 30 November 2015 |
Forecast first quartile operating costs

If operating in 2018, Danakali would have been one of the lowest cost SOP producers

Mine gate production costs for global SOP producers in 2018

Colluli FEED results included to demonstrate illustrative comparison

1 Greenmarkets and internal Company analysis
2 Integer Research

Mannheim Process production
High energy, high cost and environmental issues

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

Colluli Modules I & II

US$/t

250
300
350
400
450
500

SOP production capacity (Mt)

2
4
6
8
How does Colluli compare? – Logistics

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

Distance to port for Colluli and other SOP greenfield development projects

Australian projects range from 700km to 1,500km away from the nearest established ports

Source: DNK announcement, 29-Jan-18, peer company announcements, Google Maps
How does Colluli compare? – Construction readiness

Colluli is the only known SOP greenfield development project that has completed FEED, is materially fully permitted and has achieved binding take-or-pay offtake

Progression of selected SOP greenfield development projects

<table>
<thead>
<tr>
<th>Company</th>
<th>Project</th>
<th>Study stage</th>
<th>Accuracy level (+/-)</th>
<th>Mining agreement / native title</th>
<th>Mining licences</th>
<th>Social and environmental approvals</th>
<th>Materially fully permitted</th>
<th>Binding offtake achieved</th>
<th>Debt term sheet signed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colluli</td>
<td>FEED</td>
<td>-10%/+10%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Kalium Lakes</td>
<td>Beyondie</td>
<td>FEED</td>
<td>-5%/+5%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Non-binding</td>
</tr>
<tr>
<td>Crystal Peak</td>
<td>Sevier Lake</td>
<td>BFS</td>
<td>Not disclosed</td>
<td>✓</td>
<td>✓</td>
<td>In progress</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Yara</td>
<td>Yara Dallol</td>
<td>DFS</td>
<td>Not disclosed</td>
<td>✓</td>
<td>Unclear</td>
<td>Partially complete</td>
<td>Unclear</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Circum</td>
<td>Danakil</td>
<td>DFS</td>
<td>Not disclosed</td>
<td>✓</td>
<td>✓</td>
<td>Unclear</td>
<td>Unclear</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Agrimin</td>
<td>Mackay</td>
<td>PFS</td>
<td>-25%/+25%</td>
<td>✓</td>
<td>✓</td>
<td>Partially complete</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Salt Lake</td>
<td>Lake Wells</td>
<td>Scoping study</td>
<td>Opex: -30%/+30% Capex: -10%/+30%</td>
<td>✓</td>
<td>✓</td>
<td>Partially complete</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
<td>Non-binding</td>
</tr>
<tr>
<td>Australian Potash</td>
<td>Lake Wells</td>
<td>Scoping study</td>
<td>-35%/+35%</td>
<td>Partially complete</td>
<td>Partially complete</td>
<td>In progress</td>
<td>Not disclosed</td>
<td>Non-binding</td>
<td></td>
</tr>
</tbody>
</table>

Source: DNK announcements, 29-Jan-18 & 22-Aug-18, peer company announcements
Solid salts and open-cut mining

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)**

Colluli's process offers cost and time savings, reducing the extraction to port timeframe by less than one week.

**LAKE WATER BRINE**

Colluli's lake water brine process is supported by relevant development peers: Agrimin, Australian Potash, Kalium, and Salt Lake Potash.

**PLAYA BRINE**

Colluli's playa brine process is also supported by relevant development peers using this method: Crystal Peak Minerals.

**SOLID SALTS AT DEPTH – SOLUTION**

Colluli's solid salts at depth process, using the solution method, offers several months (at least) from extraction to port.

**Relevant development peers using this method:** Crystal Peak Minerals.
## Product specifications

### Colluli’s SOP and SOP-M products have superior specifications

<table>
<thead>
<tr>
<th>Product</th>
<th>SOP</th>
<th>SOP-M</th>
<th>POLY4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Types</td>
<td>Standard / Granular / Soluble</td>
<td>Standard / Granular / Soluble</td>
<td>Powder / Granular</td>
</tr>
</tbody>
</table>

### Product specifications – High grade favourable

<table>
<thead>
<tr>
<th></th>
<th>Danakali</th>
<th>Colluli</th>
<th>Sirius</th>
</tr>
</thead>
<tbody>
<tr>
<td>K₂SO₄</td>
<td>96.0%</td>
<td>47.0%</td>
<td>-</td>
</tr>
<tr>
<td>K₂O</td>
<td>52.0%</td>
<td>25.5%</td>
<td>14%</td>
</tr>
<tr>
<td>MgSO₄</td>
<td>-</td>
<td>32.0%</td>
<td>-</td>
</tr>
<tr>
<td>MgO₂</td>
<td>-</td>
<td>10.8%</td>
<td>6%</td>
</tr>
<tr>
<td>S</td>
<td>18.5%</td>
<td>15.5%</td>
<td>19%</td>
</tr>
</tbody>
</table>

### Product specifications – Low grade favourable

<table>
<thead>
<tr>
<th></th>
<th>Danakali</th>
<th>Colluli</th>
<th>Sirius</th>
</tr>
</thead>
<tbody>
<tr>
<td>NaCl</td>
<td>&lt;0.2%</td>
<td>0.7%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

Calcium content not covered in table above but gypsum (CaSO₄) has also been detected at Colluli⁴

Source: DNK website (http://www.danakali.com.au/products), Sirius website

¹ DNK announcement, 29 Jan 18
How does Danakali compare? – SOP producers

A comparison against producing, vertically integrated peers demonstrates Danakali’s capacity to be the largest and most direct exposure to a listed SOP story internationally

<table>
<thead>
<tr>
<th></th>
<th>K&amp;S (SDF.FSE)</th>
<th>Compass (CMP.NYSE)</th>
<th>Tessenderlo (TESB.BSE)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market capitalisation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Danakali</td>
<td>A$212M (US$149M)</td>
<td>€3.21Bn (US$3.63Bn)</td>
<td>US$1.79Bn</td>
</tr>
<tr>
<td></td>
<td>€3.21Bn (US$3.63Bn)</td>
<td>US$1.79Bn</td>
<td>€1.32Bn (US$1.49Bn)</td>
</tr>
<tr>
<td>**EBIT (2017)**¹</td>
<td>NA (average annual cash flows to Danakali of US$85M expected from SOP Modules I &amp; II)</td>
<td>€327M (US$372M)</td>
<td>US$159M</td>
</tr>
<tr>
<td></td>
<td>€327M (US$372M)</td>
<td>US$159M</td>
<td>€111M (US$126M)</td>
</tr>
<tr>
<td><strong>Key focus areas</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Primary – Fertiliser</td>
<td>Fertiliser</td>
<td>Fertiliser</td>
</tr>
<tr>
<td></td>
<td>Secondary – Deicing</td>
<td>Deicing</td>
<td>Deicing</td>
</tr>
<tr>
<td></td>
<td>Tertiary – Industrial salts</td>
<td>Consumer &amp; industrial salts</td>
<td>Consumer &amp; industrial salts</td>
</tr>
<tr>
<td><strong>SOP</strong></td>
<td>Module I: 472ktpa</td>
<td>850ktpa (capacity)</td>
<td>590ktpa (capacity)</td>
</tr>
<tr>
<td>SOP production type</td>
<td>Primary (solid salts)</td>
<td>Secondary (salt decomposition)</td>
<td>Primary (brine)</td>
</tr>
<tr>
<td></td>
<td>Modules I &amp; II: 944ktpa</td>
<td>850ktpa (capacity)</td>
<td>Secondary (Mannheim Process)</td>
</tr>
<tr>
<td><strong>Other production</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other fertiliser and salt production lines</td>
<td>Potential for rock salt (stockpiled at rate of 1.8Mtpa), SOP-M, MOP, MgSO₄, MgCl and gypsum production</td>
<td>MOP Other specialty fertilisers Rock, solar and evaporated salt MgCl Specialty fertilisers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rock, industrial and consumable salts Magnesium products</td>
<td>Rock, solar and evaporated salt MgCl Specialty fertilisers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Specialty fertilisers Crop protection products</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

¹ US$0.70/A$ & US$1.13/E utilised to convert relevant currencies
Danakali Board

An experienced, multi-disciplinary and international Board; Seamus Cornelius is acting as Executive Chairman during the current CEO transition

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
- Over 25 years in private equity and investment banking, and senior roles at BHP Billiton and QKR Corporation, currently Managing Director of Yellow Cake

Paul Donaldson – Non-Executive Director
- More than 30 years of industry experience in senior management roles at BHP, Danakali and Pacific National
- 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
- Currently Chief Transformation Officer at Pacific National

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
Danakali senior management

Strong, energetic and accomplished senior management team

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 Chimimiwango expansion at the Lumwana Copper Mine in Zambia

Niels Wage
Chief Commercial Officer
• Significant shipping, trading and commodity experience
• Previously held senior management roles at BHP, including Vice President Potash, Freight and Diamonds
• Currently also a Director on the Board of Bahia Mineração, which is developing an integrated greenfield iron ore project

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$10B in equity and hybrid capital for ASX-listed companies
# Technical Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<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</td>
</tr>
<tr>
<td></td>
<td>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</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%</td>
</tr>
<tr>
<td></td>
<td>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</td>
</tr>
<tr>
<td></td>
<td>of water</td>
</tr>
<tr>
<td>FEED</td>
<td>Front End Engineering Design, refer ASX announcement 29 January 2018</td>
</tr>
<tr>
<td></td>
<td>for the Colluli results</td>
</tr>
<tr>
<td>FOB</td>
<td>Free On Board, specifies the point at which respective obligations,</td>
</tr>
<tr>
<td></td>
<td>costs, and risk involved in the delivery of goods shift from the seller</td>
</tr>
<tr>
<td></td>
<td>to the buyer, in the case of operating cost metrics this is when product</td>
</tr>
<tr>
<td></td>
<td>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</td>
</tr>
<tr>
<td></td>
<td>value of all the cash flows from a project equal zero</td>
</tr>
<tr>
<td>Kieserite</td>
<td>MgSO(_4)H(_2)O</td>
</tr>
<tr>
<td>ktpa</td>
<td>Kilotonnes per annum (measure of production output)</td>
</tr>
<tr>
<td>Mandated Lead</td>
<td>Afreximbank and AFC (mandated to provide US$200M of senior debt to CMSC</td>
</tr>
<tr>
<td>Arrangers</td>
<td></td>
</tr>
<tr>
<td>Mannheim Process</td>
<td>The high energy reaction of MOP with sulphuric acid (H(_2)SO(_4))</td>
</tr>
<tr>
<td></td>
<td>to produce SOP</td>
</tr>
<tr>
<td>MOP</td>
<td>Muriate of Potash (KCl)</td>
</tr>
<tr>
<td>Mtpa</td>
<td>Million tonnes per annum (measure of production output)</td>
</tr>
<tr>
<td>NOP</td>
<td>Potassium Nitrate (KNO(_3))</td>
</tr>
<tr>
<td>NPV</td>
<td>Net Present Value, the difference between the present value of cash</td>
</tr>
<tr>
<td></td>
<td>inflows and the present value of cash outflows over a period of time</td>
</tr>
</tbody>
</table>
Technical glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<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>SEMPs</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 (K₂Mg(SO₄)₂.4H₂O)</td>
</tr>
</tbody>
</table>
Competent Persons Statements

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

Colluli has a JORC-2012 compliant Measured, 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. Provable. and 815Mt @ 10.3% 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 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 “300MT 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. 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 (KUTEK) has extensive experience in analysis of salt rock and brine samples and is certified according by DIN EN ISO/IEC 17025 by the Deutsche Akkreditierungsgenossenschaft GmbH (DAK). 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 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

Danakali Limited (ASX: DNK) (Danakali, or the Company) is an ASX-listed potash company focused on the development of the Colluli Potash Project (Colluli or the Project). The Project is 100% owned by the Colluli Mining Share Company (CMSC), a 50:50 joint venture between Danakali and the Eritrean National Mining Corporation (ENAMCO).

The Project is located in the Danakil Depression region of Eritrea, East Africa, 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. A binding take-or-pay offtake agreement has been confirmed with EuroChem Trading GmbH (EuroChem) for up to 100% (minimum 87%) of Colluli Module 1 SOP production.

A non-binding indicative term sheet and mandate for the provision of US$200M in senior debt funding to CMSC has been executed with Mandated Lead Arrangers Africa Export Import Bank (Afreximbank) and Africa Finance Corporation (AFC).

The Company’s 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 and Kieserite Mineral Resource)

Colluli has a JORC-2012 compliant Measured, 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. Proved and 815Mt @ 10.3% 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 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.

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.

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 to 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, production target, forecast financial information and financial assumptions made in this announcement are consistent with assumptions detailed in the Company’s ASX announcements dated 25 February 2015, 23 September 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.

No representation or warranty, express or implied, is or will be made by or on behalf of the Company, and no responsibility or liability is or will be accepted by the Company or its affiliates, as to the accuracy, completeness or verification of the information set out in this announcement, and nothing contained in this announcement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Company and each of its affiliates accordingly disclaims, to the fullest extent permitted by law, all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this announcement or any such statement.

The distribution of this announcement outside the United Kingdom may be restricted by law and therefore any persons outside the United Kingdom into whose possession this announcement comes should inform themselves about and observe any such restrictions in connection with the distribution of this announcement. Any failure to comply with such restrictions may constitute a violation of the securities laws of any jurisdiction outside the United Kingdom.

Danakali Limited
Level 11, 125 St Georges Terrace, Perth, Australia, 6000
Tel: +61 8 6189 8635 / ABN 56 097 904 302