Danakali appoints financial advisor for Colluli funding options

Danakali Limited (ASX:DNK) has appointed independent mining finance advisory team Endeavour Financial to assist in the evaluation of funding options for its globally significant Colluli Potash Project in Eritrea.

Colluli has an ore reserve of 1.1 billion tonnes at 10% K2O equivalent and will be developed through a phased approach.

Construction of Phase I processing plant, with an expected capacity of 425,000tpa Sulphate of Potash ("SOP"), could commence in 2016 with production following in 2018.

The funding options analysis undertaken by Endeavour Financial will assist Danakali formerly South Boulder Mines - to develop a funding strategy for the Colluli Project whilst the definitive feasibility study is underway. The DFS is due for completion by the end of Q3 2015.

Prefeasibility study results released in February 2015 demonstrated an economically robust project underpinned by a large resource with substantial long term growth potential.

"Advancement of funding discussions is one of our key priorities," Danakali managing director Paul Donaldson said.

"The engagement of a highly reputable and experienced Financial Advisor will provide a clearer understanding of the funding options available to unlock the potential of the Colluli Project."

Endeavour Financial has extensive experience in assisting companies to structure project funding solutions across diverse commodities, geographies and sources of financing.

It has a proven track record in Africa and has been supporting mining projects in Eritrea for over nine years.

Colluli Potash Project

Colluli is a 50/50 joint venture between the Eritrean National Mining Company (ENAMCO) and South Boulder that is strategically located 75 kilometres from the coast, making it one of the most accessible potash deposits globally.

Earlier this month, the company delivered a globally significant maiden ore reserve of 1.1 billion tonnes at 10% K2O equivalent at the Colluli Potash Project in Eritrea.

This contains about 205 million tonnes sulphate of potash, enough to support a mine life of more than 200 years at modelled production rates.

Adding interest, this Ore Reserve dwarfs many planned and current large scale operations.

It also allows the production of other potash products including potassium magnesium sulphate (SOP-M) and potassium chloride (MOP).
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