Sep 1st 2015

**Danakali Limited renews Colluli Potash Project exploration licences**

Danakali Limited (ASX:DNK) has completed its annual exploration licence extension for the Colluli Potash Project in Eritrea on behalf of the Colluli Mining Share Company (CMSC).

CMSC is a 50/50 joint venture between the Eritrean National Mining Company (ENAMCO) and Danakali.

Paul Donaldson, managing director, commented:

“This process is an annual review following the initial term. The Eritrean Ministry of Energy and Mines and ENAMCO are kept well informed of the project status, the work that has been undertaken throughout the year and the projected work in the upcoming period, all of which is taken into consideration in assessing the renewal.

“The feedback on the project development over the past 12 months has been very positive.”

Potential for lower project capital costs

Yesterday, the company identified a large subsurface aquifer at the project that could eliminate the need for a 75 kilometre seawater delivery pipeline, reducing capital costs.

It also continues to progress the Definitive Feasibility Study, which is expected to be completed in the fourth quarter of 2015.

The DFS work to date has highlighted a number of enhancement opportunities that have the potential to further improve the project economics.

CMSC intends to apply for a Mining Licence upon completion of the DFS.

Colluli is strategically located 75 kilometres from the coast, making it one of the most accessible potash deposits globally.

Its Ore Reserve of 1.1 billion tonnes at 10% K2O equivalent contains about 205 million tonnes sulphate of potash (SOP), enough to support a mine life of more than 200 years at modelled production rates.

Danakali is well-funded with $7.9 million in cash.

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