Danakali receives credit approval for power plant construction

Danakali Ltd (ASX:DNK) has been granted formal credit approval by Afreximbank to provide a US$42 million guarantee supporting the power plant for the Colluli Potash Project in Eritrea.

The preferred power contractor, Inglett & Stubbs International (ISI), will use the guarantee to facilitate senior debt funding that will be used to construct the project’s power plant.

ISI will utilise a build own operate transfer (BOOT) model, which diversifies project risk by utilising the experience of proven operators.

Notably, the US$42 million guarantee is separate from the project financing requirements and does not represent an increased debt obligation.

READ: Danakali passes major financing milestone for executing Colluli Potash Project

Earlier this week, Danakali received credit approval for a US$200 million senior debt facility from Africa Finance Corporation (AFC) and Afreximbank.

Credit approval is a critical project financing and execution milestone and represents the conclusion of an extensive due diligence process.

Danakali continues to assess a range of options for funding the balance of the capital required to bring Colluli into production.

Today's US$42 million guarantee from Afreximbank is further confirmation of their confidence in the project and Eritrea.

Proactive caught up with Danakali back in April 2019 for an update.

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