



Danakali appoints industry expert as COO

- Dr Rod McEachern, former Director for Process and Product Innovation at Nutrien and PotashCorp has been appointed as Chief Operating Officer effective 3 December 2020
- Dr McEachern is a highly experienced executive with a successful track record in managing potash mines and processing plant operations, technical knowledge and project management
- Dr McEachern joins Danakali at a significant time as it heads towards Phase 3 of Colluli development

Danakali Limited (ASX: DNK, LSE: DNK, **Danakali**, or the **Company**) is pleased to advise that Dr McEachern Rod has been appointed as Chief Operating Officer (**COO**) for Danakali, effective from 3 December 2020.

The appointment of Dr McEachern, who has earned a Ph.D. in Physical Chemistry from the University of Saskatchewan, strengthens and deepens the Company's potash mining and processing knowledge and leadership capability.

As COO, Dr McEachern will be responsible for the design and set up of the operation readiness including safe and sustainable mining and processing operations for Colluli Mining Share Company (**CMSC**).

Dr McEachern's significant potash experience, which is specifically related to mining, production, harvesting, process engineering, logistics, environmental compliance, and safety, are clear standout attributes.

In the two decades prior to joining Danakali, he held senior management roles as Director, Process and Product Innovation at Nutrien, Saskatoon and a number of senior roles with PotashCorp as Senior Director for Innovation and General Manager at the Allan facility. Rod was seconded to Arab Potash as VP of Operations in Amman Jordan. In this role, he was responsible for all aspects of the potash facility including safe mill and solar pond production, transportation and logistics, innovation, automation, new product development, and environmental management.

Niels Wage, CEO of Danakali, commented: *"I am very pleased to confirm the appointment of Dr McEachern as the Company's COO. The appointment comes at opportune time as we advance the Project Development into Phase 3. There are few people in the world with the unique potash experience that Rod brings and I believe his well-established industry experience, technological competencies and long commitment to the industry sector will be very valuable for Danakali as we advance the development of Colluli."*

Rod McEachern, COO of Danakali, commented: *"I am excited to be joining the team at Danakali. I am particularly drawn to Colluli due to the large, long life nature and high quality of the project. Being part of a team responsible for delivering sustainable financial, social and economic returns to our shareholders and stakeholders in Eritrea is highly attractive."*

Announcement authorised for release by the Board of Danakali.

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About Danakali

Danakali Limited (ASX: DNK, LSE: DNK) (**Danakali**, or the **Company**) is an ASX- and LSE-listed potash company focused on the development of the Colluli Sulphate of 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 known potash deposit. The resource is amenable to open cut 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 Sulphate of Potash or **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 I SOP production.

Development Finance Institutions, Africa Finance Corporation (**AFC**) and African Export Import Bank (**Afreximbank**), have obtained formal credit approval to provide CMSC with US\$200M in senior debt finance. The credit documentation was executed in December 2019, allowing drawdown of CMSC senior debt on satisfaction of customary conditions precedent. This represents the majority of funding required for the development and construction of the Colluli. AFC has also executed a Subscription Agreement to make a US\$50M strategic equity investment in Danakali. The receipt of the first tranche of US\$21.5M (A\$31.8M) allowed commencement of the development.

Project execution has commenced, and SOP production is expected during 2022. 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.

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.

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