



Danakali appoints two directors from AFC

- Danakali adds two AFC nominees to its Board of Directors, including Samaila Zubairu, President & CEO of AFC
- The nominations are part of AFC's strategic equity investment

Danakali Limited (ASX: DNK, LSE: DNK, **Danakali** or the **Company**) is pleased to announce today the new appointments to its Board of Directors, Samaila D. Zubairu, President and CEO, and Taiwo Adeniji, Senior Director for Investment Operations & Execution, of Africa Finance Corporation (**AFC**).

They are joining the Danakali Board as Non-executive Directors with immediate effect and at an important time, bringing significant experience to the Board and support to the Colluli Sulphate of Potash Project (**Colluli** or the **Project**), as it moves closer to construction and production which is currently expected to be in 2022.

As part of its US\$50M strategic equity investment in Danakali and overall funding package for development and construction of Colluli, AFC was granted the right to nominate up to two directors to Danakali's Board. With the receipt of Tranche 1 of AFC's investment of US\$21.5m (A\$31.8m) in 2019, Danakali is well funded to complete the current activities and continues its progress according to the EPCM plan.

Chief Executive Officer of Danakali, Niels Wage, said: *"We are pleased to welcome Samaila and Taiwo, whose diverse background and developmental focus will add further value to the Board. AFC has been a great supporter of our project, and we look forward to working with them as we progress the development of Colluli and our overall funding strategy."*

President and CEO of AFC, Samaila D. Zubairu, commented: *"Taiwo and I look forward to working with Danakali to advance the Colluli potash project in Eritrea. AFC is a long-term and committed investor of both Danakali and indeed Eritrea, and we will help assess the best way forward in taking the Colluli project to its next phase of development. AFC fully recognises that the current market conditions provide significant challenges, yet this is a project for the long term development of Eritrea, and one which Taiwo and I look forward to working closely with our fellow Directors at Danakali to deliver."*

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Announcement authorised for release by the Board of Danakali.



About AFC

AFC is Africa's leading infrastructure solutions provider created to help mobilise and channel required capital towards driving Africa's economic development. AFC offers a unique value proposition as an Africa-focused multilateral financial institution covering 3 complementary service areas: project development, financial advisory and principal investing. In addition to these core services AFC has significant experience and expertise in project management and will ensure that the objectives of all parties involved are met through careful monitoring of the project from beginning to end. AFC's core mission is to address Africa's infrastructure development needs while seeking a competitive return on capital for its shareholders.

AFC invests in five sectors of infrastructure: Power, Natural Resources (Oil & Gas, and Mining) Telecommunications, Transport & Logistics, Heavy Industries, and has to date invested US\$6.6. billiona across 30 African countries. AFC is the second highest investment grade rated multilateral financial institution in Africa with an A3/P2 (stable rating) from Moody's Investor Service, and has 25 African countries and Member States. For more information, visit www.africafc.org

New Board nominees

Samailu D. Zubairu is AFC's President and Chief Executive Officer. Previously, he was the CEO of Africapital Management Limited, where he established a joint venture with Old Mutual's African Infrastructure Investment Managers to develop a fund for infrastructure private equity across West Africa, and Chief Financial Officer for Dangote Cement Plc. Prior to that, he was the Treasurer for the Dangote Group during its transformation from a trading company to an industrial conglomerate. He has undertaken investments of over US\$3 billion, financing green-field project finance, acquisitions, corporate transformation, privatization and equity capital market transactions.

Mr Zubairu is an Eisenhower Fellow and sits on the Eisenhower Fellowship's Global Network Council and the President's Advisory Council. He holds several non-executive board positions including being the advisory board member for KSE Africa, a leading operations and management provider of captive power plants in the mining sectors in Botswana and Nigeria. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (FCA) and holds a BSc in Accounting from Ahmadu Bello University, Nigeria.

Taiwo Adeniji is Senior Director for Investment Operations & Execution at AFC, where he has responsibility, amongst other things, for the institution's investments in oil & gas, and mining projects. Taiwo has had over 26 years of post-graduate and extensive professional and managerial experience in several areas of banking and finance. He has deep knowledge and extensive experience with infrastructure and mining policy issues, as well as the analysis, evaluation and financing of infrastructure and mining projects. Taiwo has supervised AFC's investments in mining projects that spanned different products, including gold, copper, bauxite, and iron ore, as well as in different geographies, including countries in West, North and Central Africa. From 1994 to 2007, Mr Adeniji worked with the African Development Bank, focussing largely on infrastructure investments and financial sector development.

Mr Adeniji's academic background is in economics and finance. He is an Honorary Senior Member (HCIB) of the Chartered Institute of Bankers of Nigeria.

Neither Mr Zubairu nor Mr Adeniji has any interest in shares or other securities of Danakali.

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.

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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.

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 1.289Bt" 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^+ , Mg^{2+} , Ca^{2+} , Cl^- , SO_4^{2-} , H_2O) 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.

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