



QUARTERLY REPORT

For the period ending 31 March 2020

Danakali Limited (ASX: DNK, LSE: DNK, **Danakali**, or the **Company**) is pleased to provide this quarterly update on the activities and financial position of the Company and its Colluli Potash Project (**Colluli** or the **Project**), located in Eritrea, East Africa. 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**). CMSC's aim is to become a leading producer and exporter of Sulphate of Potash (**SOP**), the premium potash type, during 2022.

In response to the COVID-19 pandemic, the Company has prioritised the safety and wellbeing of all its employees. With on-site activities temporarily suspended until restrictions are lifted, the desk-based nature of the majority of the work that was already underway has enabled the Company to focus all available remote-working resources on the EPCM workstreams and to investigate optimisation opportunities. Geotechnical investigation works have been temporarily deferred pending the lifting of travel restrictions. Project spend is continually assessed and restricted to those areas critical to the long-term success of Colluli development.

Key Developments

— Significant progress on EPCM

- EPCM Phase 1 completed on time, on budget, and in-line with Front End Engineering Design (**FEED**)
- EPCM Phase 2 commenced and continuing materially on track with major contracts and vendor package enquiries issued to market
- Water desalination plant order has been placed, design work completed, long lead items ordered with manufacturing commenced however currently on hold due to COVID-19 lockdown in South Africa
- Advancement of the mining services contract with Earth Moving Worldwide (EMW)

— Two Africa Finance Corporation (AFC) directors appointed to Danakali's Board

- AFC President and CEO, Samaila D. Zubairu, and AFC Senior Director for Investment Operations & Execution, Taiwo Adeniji, joined Danakali's Board as Non-Executive Directors on 23 April 2020
- Appointment is in accordance with the terms of AFC's US\$50M Subscription Agreement
- Demonstrates AFC commitment to the Colluli Project, as it moves closer to construction and production

— Tranche 2 of AFC's US\$50M strategic equity investment deferred

- Danakali and AFC working together to satisfy the remaining conditions precedent for Tranche 2 of AFC's US\$50M Equity Investment
- Commence reassessment of the funding strategy in view of the unstable capital markets environment

— Environmental and Social Governance (ESG)

- Commence close out of Environmental and Social Action Plan (ESAP) to ensure full compliance with the Equator Principles and the IFC Performance Standards
- Engaged with an independent consultant to conduct a Human Rights Impact Assessment (HRIA)
- Inaugural Sustainability report being finalised, underpinning Danakali's commitment to best practice and transparent reporting on ESG and demonstrating Colluli's potential to positively impact Eritrea's ability to meet its United Nations Sustainable Development Goals (UN SDGs)



Financial position

— Cash position of A\$22.7M as at 31 March 2020

- Outgoings for the quarter include A\$8.3M of non-recurring expenditure related to lender and advisors' fees associated with successful debt financing activities in December 2019
- Please refer to the Appendix 5B for the quarter which estimates that funding is sufficient for more than 8 quarters

— Financial resilience

- Board anticipates prudent spending resulting in a reduced burn rate from Q2 2020
- An in-depth review of activities has been undertaken with re-prioritising of activities which are now considered non-essential in light of COVID-19 restrictions
- Project spend has been carefully assessed and restricted to those critical to the long-term success of Colluli development and adequate resourcing adjustments will be made

Key activities planned for Q2 2020

— Project financing

- Continue monitoring developments in financial markets to revise forward financing plans in response to COVID-19
- Continue the satisfaction of conditions precedent necessary to allow CMSC senior debt drawdown
- Continue to execute company equity strategy for remaining project financing and capital requirements subject to global market recovery

— Project development

- Complete Phase 2 of EPCM including updating of FEED estimate and execution schedule
- Continue to monitor and assess the impact of COVID-19 to advance the EPCM work
- Identify and pursue appropriate opportunities, delivered on a desk top basis

Niels Wage, CEO of Danakali, commented: *“The team has made a good start with the development of the project with the completion of Phase 1 and commencement of Phase 2 of EPCM. Whilst immediately ensuring the wellbeing of our people in the face of the COVID-19 pandemic, we are working on key workstreams to progress the development of Colluli at a prudent pace as we are getting closer to start of construction.*

The evolving environment is likely to cause some project development delays and it is difficult to provide an exact assessment in regard to a revised project delivery timeline. However, our close collaboration and shared commitment with our EPCM, equipment and financing partners will ensure that we maximize progress during this difficult time.

The business is well positioned financially with its existing cash resources and has substantial liquidity headroom. Moreover, we have taken prudent reduction measures in spend going into Q2, and this will be reflected in a lower burn rate. We will continue to follow consistent and disciplined implementation of our balanced capital allocation policy.

We will work closely with our partners with the completion of the funding for the project and assess the range of options and strategies available to us.

We are also proud to be publishing our inaugural Sustainability report this year. It is anchored on Our Values, that keep the team focused on the most material matters, ensuring consideration of societal and environmental impacts, and the UN SDGs framework, which places our Eritrea's sustainability agenda at the



center of our operations. The report provides a comprehensive summary of our most material ESG efforts and activities in the last two years. We will continue to strive for excellence in aligning with international best practice standards.”

Project

EPCM progress

With Phase 1 of the EPCM scope completed on time and budget, focus has now shifted to Phase 2. The Major Vendor and contract packages have been developed and issued to the market. Focus is to complete the capital re-estimate and revision of the Project Schedule to be able to adapt quickly to the evolving nature of the pandemic outbreak and where possible, continue progress on development.

With the COVID-19 travel and interaction restrictions, the EPCM and Owners teams are now working from home to minimize and / or mitigate potential schedule impact. A number of contractors have requested extensions of time for submission of tenders. As such, this is being assessed at the moment to understand what the potential impact could be for the Phase 2 updated estimate and Schedule completion date however the impact is not expected to be material.

A number of strategic options are being developed or considered to maximize progress opportunities during the COVID-19 restrictions.

EPCM phases 1 & 2 - Mobilisation	EPCM phases 3 to 6 - Construction	Production
<ul style="list-style-type: none"> ✓ Mobilise EPCM Owner’s Team ✓ Finalise geotechnical work ✓ Purchase critical equipment, including reverse osmosis plant ✓ Investigate optimisation opportunities • Develop optimal execution strategy • Update FEED estimate and execution schedule 	<ul style="list-style-type: none"> • Finalise engineering design and development • Finalise vendor packages • Procurement • Finalise and award all site contracts • Start construction • Commission and ramp-up 	<ul style="list-style-type: none"> • Module I – 472ktpa of SOP, US\$88M p.a. Project cash flow • Modules I & II – 944ktpa of SOP, US\$173M p.a. Project cash flow

Desalination Plant

Site based Reverse Osmoses (RO) plant will be constructed by a South African manufacturer. The facility is one of the key components to de-risk the development schedule and will be used to provide potable and construction water prior to the commissioning of the main Anfile Bay Water Intake Area (WITA). Solid progress has been made in the quarter with the order placed, design work completed, long lead items ordered and manufacturing commenced. Manufacturing has been placed on hold due to COVID-19 lockdown in South Africa.

Investor engagement

Presentations

In February, the Danakali Executive team participated in the Investing in African Indaba conference, the world's largest mining investment event. The company met with industry partners and co-hosted Africa Finance Corporation's (AFC) annual conference, following the confirmation of AFC's US\$50M strategic equity investment. Various other equity investor outreach initiatives are being scheduled by Danakali and their brokers remotely, given the COVID-19 outbreak and associated travel restrictions.

Interviews

Danakali's Chief Executive Officer, Niels Wage, spoke to Mining Weekly about the significant positive fundamentals of fertilisers for crop-yield improvement in today's world of diminishing arable land and growing global population. The interview can be found here: https://www.miningweekly.com/article/anglos-polyhalite-entry-likely-to-hit-mop-more-than-sop-danakali-2020-01-21/rep_id:3650

Articles

Danakali's completion of EPCM phase 1 has been covered by several news sources including the following global media outlets:

- Mining.com — Danakali done first phase of Eritrea potash project: <https://www.mining.com/danakalis-first-phase-of-eritrean-potash-project-done/>
- World Fertilizer Magazine — EPCM phase 1 of Colluli project completed: <https://www.worldfertilizer.com/project-news/04032020/epcm-phase-1-of-colluli-project-completed/>
- Proactive — Danakali delivers first development phase on time and on budget: <https://www.proactiveinvestors.com.au/companies/news/914123/danakali-delivers-first-development-phase-on-time-and-budget-914123.html>

Capital

Cash

Consolidated cash on hand was A\$22.7M as at 31 March 2020. Please refer to the Appendix 5B for the quarter which estimates that funding is sufficient for more than 8 quarters.

Securities

As at 31 March 2020, there were a total of 318,721,306 fully paid ordinary shares on issue. During the March 2020 Quarter, the Company issued the following fully paid ordinary shares:

- 175,000 shares issued upon vesting of performance rights

As at 31 March 2020, there were a total of 6,004,112 unlisted options on issue at various exercise prices and expiry dates. No unlisted options were issued, lapsed or exercised during the March 2020 Quarter.

As at 31 March 2020, there were a total of 2,080,000 performance rights on issue. 175,000 performance rights (25,000 class 6, 50,000 class 8, and 100,000 class 10) were converted to shares during the period. A total of 30,000 performance rights (15,000 class 7, and 15,000 class 8) lapsed during the period.

Danakali Limited

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Interests in mining tenements

The 7 Mining Licenses awarded to CMSC span over 60km² of the 100km² Mining Agreement area. There were no mining exploration activities undertaken during the quarter.

Tenement holdings

Tenement	Colluli, Eritrea
Nature of interest	Owned
License type	Mining Licenses
Current equity	50%

There was no change in tenement holding during the March 2020 Quarter.

For more information, please contact:

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Announcement authorised for release by the board of Danakali.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Danakali Limited

ABN

57 097 904 302

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(191)	(191)
(e) administration and corporate costs	(757)	(757)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	59	59
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(889)	(889)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (funding of joint venture)	(10,011)*	(10,011)
2.6	Net cash from / (used in) investing activities	(10,011)	(10,011)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(3,097)	(3,097)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(3,097)	(3,097)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	33,800	33,800
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(889)	(889)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10,011)	(10,011)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3,097)	(3,097)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	2,917	2,917
4.6	Cash and cash equivalents at end of period	22,720	22,720

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	22,720	19,543
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposit)	-	14,257
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	22,720	33,800

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

120

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments included in item 6.1 relates to payment of director fees (\$120k)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(889)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.2a Other (funding of joint venture) (Item 2.5(a))	(10,011)*
8.3 Total relevant outgoings (Item 8.1 + Item 8.2 + Items 8.2a)	(10,900)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	22,720
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	22,720
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.1**

* The Company considers it appropriate to include cash outflows related to the funding of joint venture (investing activities) in this table given its ongoing obligation to fund these activities.

** Outgoings for the quarter ended March 2020 include \$8.3m of non-recurring expenditure related to lender and advisors' fees associated with successful debt financing activities in December 2019. Removal of the \$8.3m non-recurring costs from the *Total Relevant Outgoings (Item 8.3)* would have resulted in an *Estimated quarters of funding available (Item 8.7)* of 8.8 quarters, which is more a representative estimate.

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2020.....

Authorised by: By the Audit and Risk Committee.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.



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.

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\$21.6M (A\$31.8M) allowed commencement of development.

Project execution has commenced, and SOP production is currently expected to start in 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 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

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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 (KUTECH) 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⁺, Mg²⁺, Ca²⁺, Cl⁻, SO₄²⁻, H₂O) 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.

No representation or warranty, express or implied, is or will be made by or on behalf of the Company, and no responsibility or liability is or will be accepted by the Company or its affiliates, as to the accuracy, completeness or verification of the information set out in this announcement, and nothing contained in this announcement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Company and each of its affiliates accordingly disclaims, to the fullest extent permitted by law, all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this announcement or any such statement.

The distribution of this announcement outside the United Kingdom may be restricted by law and therefore any persons outside the United Kingdom into whose possession this announcement comes should inform themselves about and observe any such restrictions in connection with the distribution of this announcement. Any failure to comply with such restrictions may constitute a violation of the securities laws of any jurisdiction outside the United Kingdom.

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