



QUARTERLY REPORT

For the period ending 30 June 2019

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 is looking to become a leading producer and exporter of Sulphate of Potash (**SOP**), the premium potash type.

Highlights

- **Credit approval for US\$200M CMSC senior debt facility nears completion¹**
 - Mandated Lead Arrangers, Afreximbank and AFC have completed due diligence and are moving through final internal approvals
- **International Fertiliser Association Montreal 2019 Conference confirmed strong industry interest in Colluli and validation of the Project's attractive strategic and economic fundamentals**
 - CEO, Niels Wage, and Chairman, Seamus Cornelius were in attendance
- **High levels of activity in Eritrea**
 - Project Director, Tony Harrington, continues to drive project execution preparation in-country

Key activities planned for the September 2019 Quarter

- **Finalise CMSC senior debt credit approval**
- **Progress remaining project funding requirements**
- **Project execution activities**
 - EPCM preparation with preferred provider DRA Global
 - Further tendering and confirmation of suppliers and contractors

Financial position

- **Cash position of A\$6.3M as at 30 June 2019**
 - Expected to represent ample working capital to take the Company through to commencement of project execution

¹ DNK announcement, 6-Dec-18



Project

Project financing – Credit approval for US\$200M CMSC senior debt facility nears completion²

Mandated Lead Arrangers, AFC and Afreximbank, have completed due diligence and moving through the final internal approvals required ahead of credit approval for US\$200M of CMSC senior debt.

The Company continues to complement the Project's senior debt funding progress with:

- extensive awareness exercises carried out to further raise the profile of Danakali and Colluli (see further detail in 'Corporate' section on page 6);
- ongoing discussions with strategic, institutional and private client investors and brokers globally; and
- moving towards financial close for Colluli Module I in parallel with the CMSC senior debt process.

The Company is carefully working towards achieving the further funding requirements at the optimal time and on the optimal terms.

In a positive development for financing in Eritrea more broadly, Danakali and CMSC are aware that prominent global development finance institutions and infrastructure funds and developers have been visiting and showing interest in Eritrea. For example, the International Monetary Fund sent a delegation to Eritrea in May 2019³. Key findings included:

- "The peace agreement with Ethiopia and lifting of international sanctions provide a welcome opportunity for Eritrea to build an impetus for economic development"
- "The IMF stands ready to support economic reforms through policy advice, technical assistance and training to help achieve macroeconomic stability and inclusive growth"

Project update – Project execution preparation

It is Danakali and CMSC's aim to commence project execution in 2019. In preparation, Danakali and CMSC are currently focused on:

- Operational contracts
 - Finalisation of EPCM contract pending funding
 - Tenders for suppliers and sub-contractors
- Operations readiness
 - Ensuring Danakali and CMSC are set up to accept funding and efficiently move into project execution
- Corporate social responsibility initiatives and ongoing risk assessment
- Securing the Owner's Team to support project execution activities
- Safety and medical set-up and processes
- Logistics and other technical and product optimisation collaboration aspects with offtake partner EuroChem

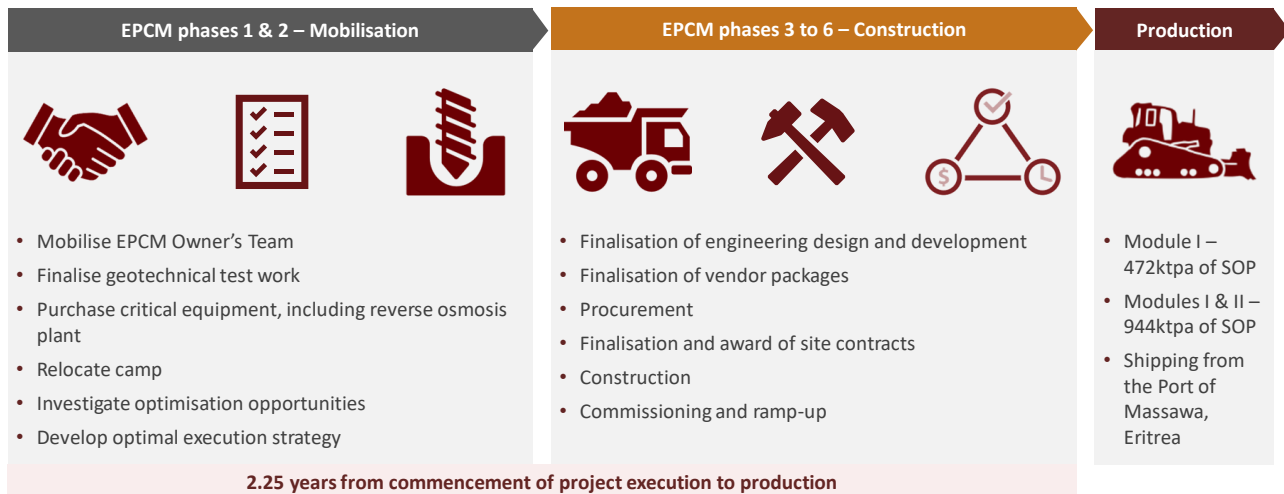
Operational contracts – EPCM contract ready for execution on confirmation of project funding; and positive impacts of Eritrean-Ethiopian rapprochement observed

Specific conditions of the EPCM contract between CMSC and DRA Global are undergoing finalisation, incorporating the requirements of the Mandated Lead Arrangers. EPCM will commence in line with Figure 1 on confirmation of project funding.

² DNK announcement, 6-Dec-18

³ Information and quotes from article on International Monetary Fund website; www.imf.org/en/News/Articles/2019/05/22/pr19179-eritrea-imf-staff-completes-2019-article-iv-mission

Figure 1: EPCM phases



Clear ongoing benefits resulting from the Eritrea-Ethiopia rapprochement have been identified through CMSC’s ongoing tendering for contractors and suppliers. Potential Ethiopian contractors and suppliers have been identified including cement suppliers, and earthworks, civil and mechanical contractors. The ability to seek Ethiopian suppliers and contractors is providing for increased competition in tender processes and more efficient and economic project execution outcomes than would otherwise have been available prior to the rapprochement. CMSC continues to prioritise the assessment of local capacity.

The Eritrea-Ethiopia rapprochement is also encouraging other countries and companies to enter Eritrea. The CMSC office was recently separately visited by 2 leading European automobile companies developing business cases to set up truck supplies and support in Eritrea. Both are looking into providing trucks for Colluli. In-country options on this front have previously been limited so this could represent a positive development from a competition and quality perspective.

Currently fuel service contracts are being discussed with the 2 major petroleum service companies in Eritrea.

CMSC is finalising the implementation of its Emergency Response Plan (**ERP**) and Emergency Preparedness and Response Package (**EPRP**). International SOS Emergency Assistance carried out and provided CMSC with an in-country medical assessment report. The International SOS Emergency assistance report is being integrated into the ERP and EPRP. Danakali and CMSC are committed to safe operations for all employees, contractors and external stakeholders. Refer Danakali’s Health and Safety Policy:

[www.danakali.com.au/images/stories/corporate-governance-statement/DNK_Policy - Health and Safety.pdf](http://www.danakali.com.au/images/stories/corporate-governance-statement/DNK_Policy_-_Health_and_Safety.pdf).

SOP

SOP industry dynamics – Increasing demand with limited new primary production⁴

Demand is forecast to increase as:

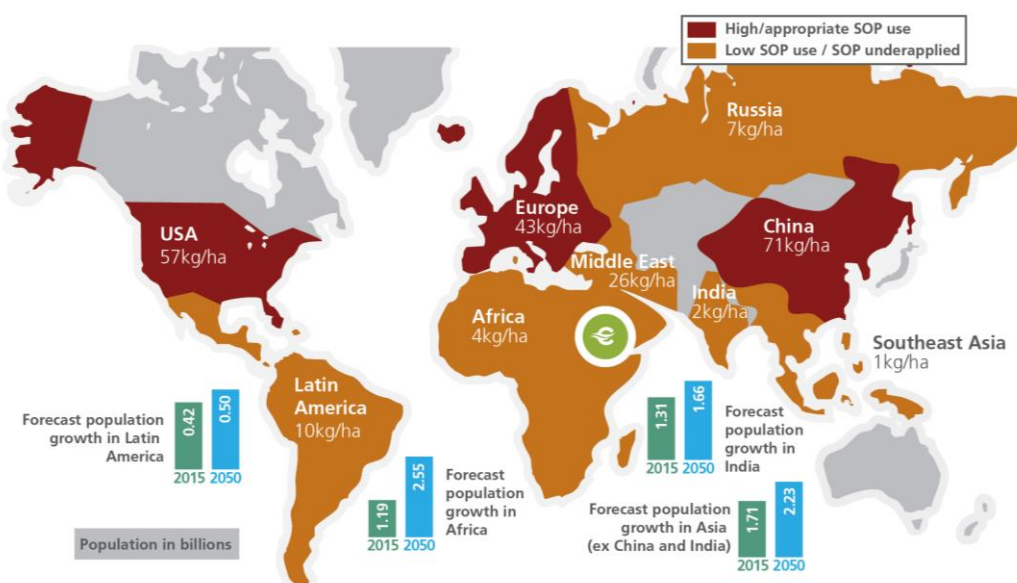
- SOP underapplication in developing countries is unlocked;
- agricultural methods become increasingly sophisticated (positive for high value specialty fertilisers like SOP); and
- Agricultural efficiency becomes increasingly necessary to optimise arable land utilisation to feed growing populations.

There have been consistent increases in chloride-sensitive crop areas since 2011, creating SOP demand, however SOP production (ex-China) has not grown proportionately. Over 50% of the world's SOP supply is produced through the Mannheim Process (a form of secondary production), involving the economically and environmentally costly conversion of Muriate of Potash (**MOP**) to SOP by adding sulphuric acid and energy intensive heat. The limited ability of secondary producers to expand in order to meet the growing demand is likely attributable to high production costs and environmental issues. This represents an opportunity for new entrants like Colluli to satisfy the production void. This opportunity in the SOP industry is predicted to expand further in future as input costs and environmental scrutiny further inflate the cost of Mannheim Process production.

While China dominates SOP production, the vast majority of its production is consumed in-country. The recent removal of export tariffs on Chinese SOP has had a limited effect on the global market, suggesting there are factors limiting the ability for Chinese production to increase. It is also understood to be uneconomic for China to export to Europe (one of the largest SOP markets) due to prohibitive logistics expenses.

The traded SOP market is dominated by 2 major companies, secondary producers K+S and Tessenderlo, who account for nearly 70% of global SOP exports. Danakali has the opportunity to become another major SOP industry participant given its scale, strategic location and low cost primary production.

Figure 2: Global SOP application rates; low in developing nations without a consistent source of SOP⁵



⁴ Insights for this content provided by CRU, Argus Media and Danakali analysis

⁵ Integer, United Nations world population prospects



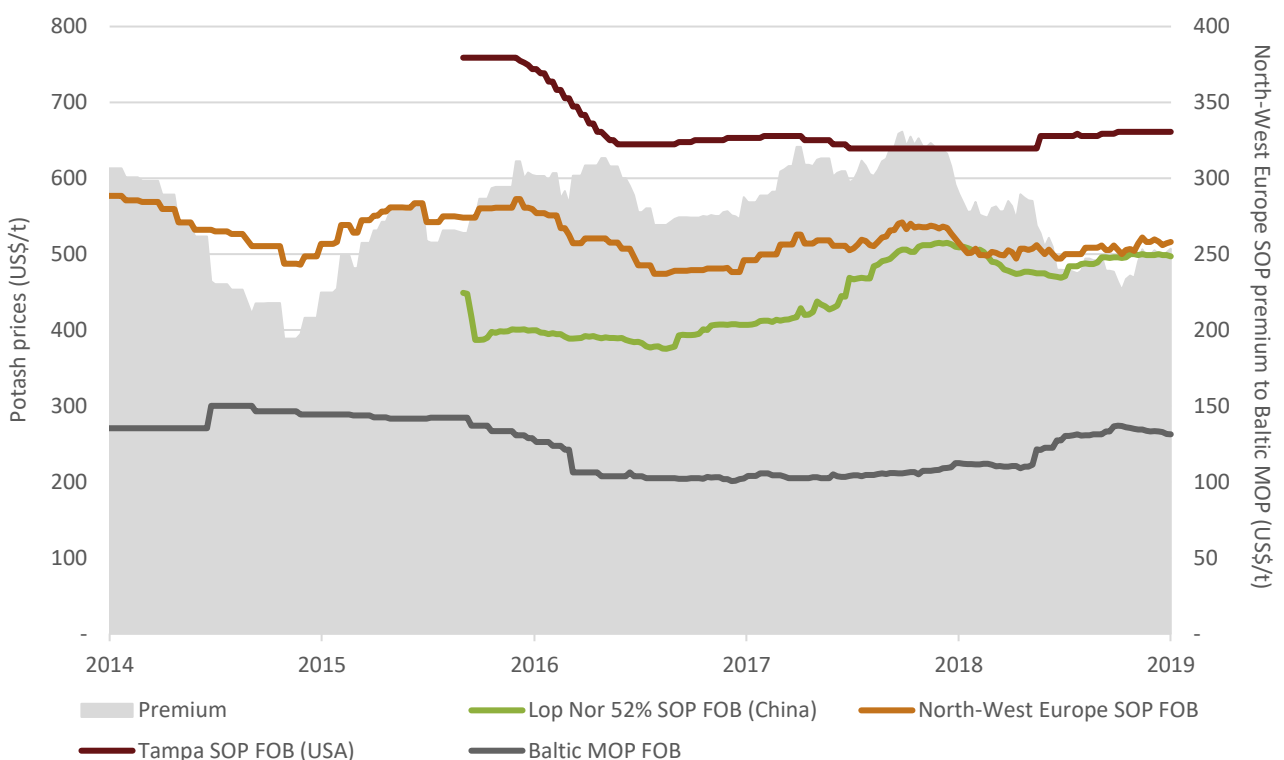
Robust SOP pricing environment – SOP premium over MOP of over US\$250/t has been sustained leading to outstanding margins for low cost producers⁶

SOP prices provide attractive margins for low cost primary producers. SOP prices are forecast to increase in the medium term as demand continues to outpace supply additions.

Primary producers like Colluli will benefit from the substantial premium of SOP over MOP, which has remained well above US\$200/t for over 5 years and is currently over US\$250/t (see Figure 3). The premium is expected to be sustained as a result of the conversion costs and environmental issues associated with the Mannheim Process, and robust growth in SOP demand. SOP is consistently chosen over MOP for its applicability to chloride intolerant and chloride sensitive crops. SOP users have indicated they would not switch to MOP even if the cost of doing so declined.

In 2018, key Indian and Chinese MOP contracts were entered into at US\$290/t (up from US\$240/t and US\$230/t respectively the year prior), which has provided a strong support for SOP prices through 2019.

Figure 3: SOP and MOP prices and SOP premium to MOP over last 5 years⁷



⁶ Insights for this content provided by CRU, Argus Media and Danakali analysis

⁷ Integer, United Nations world population prospects

Corporate

Annual General Meeting – All resolutions passed and presentation from CEO

Strong support from shareholders in the latest round of resolutions at the Company’s Annual General Meeting (**AGM**), including:

- Re-election of John Fitzgerald as a Non-Executive Director;
- Re-election of Robert Connochie as a Non-Executive Director; and
- Replacement of the Company’s Constitution

Chief Executive Officer (**CEO**), Niels Wage, delivered an update on the Company and Colluli. The presentation can be found here: www.danakali.com.au/investor-relations/corporate-presentations

Figure 4: (left to right) Company Secretary, Catherine Grant-Edwards; Non-Executive Director, John Fitzgerald; Chairman, Seamus Cornelius; and CEO, Niels Wage



Figure 5: CEO, Niels Wage, presents to shareholders and other Danakali supporters at Danakali’s AGM



International Fertiliser Association Montreal 2019 Conference — Confirmation of strong industry interest in Colluli

CEO, Niels Wage, and Chairman, Seamus Cornelius, attended the International Fertiliser Association Montreal 2019 Conference, the preeminent global fertiliser industry conference. Mr. Wage and Mr. Cornelius met with a range of key industry players and confirmed strong industry interest in Colluli and further validation of the Project’s strong strategic and economic fundamentals.

“As has become the norm with fertiliser conferences in recent years, there was once again significant interest in the specialty potash sector, particularly SOP and SOP-M.”
Senior Analyst, Potash at CRU, Humphrey Knight⁸

North American investor roadshow – Keen institutional investor interest in Canada and USA

CEO, Niels Wage, and Chairman, Seamus Cornelius, carried out numerous meetings with large institutional investors in Montreal, Toronto and New York. Potash is well understood in North America. It represents a jurisdiction which could have significant interest in Danakali.

⁸ Article on CRU website, www.crugroup.com/knowledge-and-insights/insights/2019/phosphate-bears-potash-caution-and-urea-the-standout-performer-ifa-2019

Capital

Cash

Consolidated cash on hand was A\$6.3M as at 30 June 2019. Danakali expects that this cash balance will provide the necessary working capital to take the Company through to completion of Colluli project funding and the commencement of project execution.

Securities

As at 30 June 2019, there were a total of 264,422,398 fully paid ordinary shares on issue. The Company issued no fully paid ordinary shares in the June Quarter 2019.

As at 30 June 2019, there were a total of 7,254,055 unlisted options on issue at various exercise prices and expiry dates. The following unlisted options were issued during the June Quarter 2019:

- 561,800 unlisted options with an exercise price of A\$1.119 each expiring 28 March 2022
- 1,450,000 unlisted options with an exercise price of A\$1.114 each expiring 30 May 2022
- 500,000 unlisted options with an exercise price of A\$0.912 each expiring 11 May 2020
- 301,040 unlisted options with an exercise price of A\$1.031 each expiring 24 January 2022

The following unlisted options lapsed during the June Quarter 2019:

- 400,000 unlisted options with an exercise price of A\$0.96 lapsed on 20 June 2019
- 455,800 unlisted options with an exercise price of A\$1.031 lapsed on 7 June 2019

No listed options were exercised during the June Quarter 2019.

As at 30 June 2019, there were a total of 2,300,000 performance rights on issue.

- 1,000,000 class 9 performance rights were issued during the June Quarter 2019
- 15,000 class 7 performance rights lapsed during the June Quarter 2019

Interests in mining tenements

The 7 Mining Licenses awarded to CMSC span over 60km² of the 100km² Mining Agreement area⁹.

Table 1: Tenement holdings

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

There was no change in tenement holding during the June Quarter 2019.

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Follow Danakali on LinkedIn: www.linkedin.com/company/danakali-limited

⁹ ASX announcements, CMSC enters into Mining Agreement for world class Colluli Potash Project, 1 February 2017, and Award of Mining Licences for world class Colluli Potash Project, 1 February 2017

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Danakali Limited

ABN

57 097 904 302

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(227)	(471)
(e) administration and corporate costs	(293)	(894)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	23	53
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(497)	(1,312)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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	(789)	(1,960)
2.6	Net cash from / (used in) investing activities	(789)	(1,960)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,565	9,551
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(497)	(1,312)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(789)	(1,960)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,279	6,279

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	6,279	7,565
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,279	7,565

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2 and 2.5	139
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Item 1.2 includes aggregate amounts paid to directors including salary, directors' fees, and superannuation (excluding the reimbursement of expenses)

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	Nil	Nil
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		


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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(197)
9.5 Administration and corporate costs	(491)
9.6 Other - Funding of Joint Venture	(1,695)
9.7 Total estimated cash outflows	(2,383)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

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.

Sign here:  (Joint Company Secretary)

Date: 29 July 2019

Print name: Melissa Chapman

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.



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 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 potash deposit. The resource is amenable to open pit 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 **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.

A non-binding indicative term sheet and mandate for the provision of US\$200M in senior debt funding to CMSC has been executed with Mandated Lead Arrangers Africa Export Import Bank (**Afreximbank**) and Africa Finance Corporation (**AFC**).

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.

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DANAKALI

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⁺, 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.

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Danakali Limited

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