

Danakali Ltd

19:20 28 Jul 2016

Danakali Ltd continues off-take and financing talks for Colluli Potash

Danakali Ltd (ASX:DNK) has mapped out a clear plan for the September 2016 quarter, as the company continues to advance the Tier 1 Colluli Potash Project, which is located in the East African country of Eritrea.

The company has a 50% equity interest in Colluli through a joint venture with the Eritrean National Mining Company.

Danakali plans for the current quarter to complete the second round of post DFS stakeholder engagements.

This will be a key milestone in advancing the project towards development.

There will also be a focus on the continuation of off-take and financing discussions, and the identification of potential off-takers and volumes for Sulphate of potash magnesia (SOP-M).

SOP-M represents the second premium, chloride free, multi-nutrient potash type from the Colluli resource, which is one of the closest potash deposits to a coastline globally, and is the shallowest known evaporite deposit in the world.

There is little to none of this supply coming on stream in the medium term, providing the opportunity for Danakali.

During June 2016, representatives from the relevant government ministries assigned to the license approvals process visited the Colluli site to commence project evaluation.

The Definitive Feasibility Study on Colluli completed in November 2015 forecast the project to have industry leading capital intensity, bottom quartile operating costs and an ore reserve of 1.1 billion tonnes.

Danakali held A\$5.2 million in cash at the end of June 2016.

July broker comment from Baillieu Holst

Australian broker, Baillieu Holst, noted in a report this month:

"The next step in Danakali's development of its Colluli project is the funding package (to be done this half).

"Debt is likely to come from a mixture of European, African, Middle Eastern and Asian banks whose governments appear to be favourably disposed to seeing Eritrea's economy grow and lift the country's overall standard of living.

"We are also factoring in an equity raising of around US\$90 million to fund

Price: 0.59

Market Cap: \$156.7 m

1 Year Share Price Graph



Share Information

Code: DNK

Listing: ASX

52 week High Low
0.82 0.575

Sector: Rare earths & specialist minerals

Website: www.danakali.com.au

Company Synopsis:

Danakali Ltd (ASX:DNK) is developing the Colluli Potash Project, a world class greenfield SOP development project.

action@proactiveinvestors.com

CMSC's equity portion of the development.

"The government is supportive of DNK's project and is invested in it being successful - it has not changed the fiscal regime or mining legislation since it was proclaimed, so currently infrastructure is run down, but it is set to improve as income from mining contributes to the economy."

Baillieu Holst maintains a Buy recommendation on Danakali. Other broker support comes from Hartleys with a \$0.66 price target, and Somers and Partners with a \$1.03 price target.

Danakali's share price is up 50% over the past 3 months, currently trading at \$0.42.

Proactive Investors Australia is the market leader in producing news, articles and research reports on ASX emerging companies with distribution in Australia, UK, North America and Hong Kong / China.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Danakali Ltd named herein, including the promotion by the Company of Danakali Ltd in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).