

Danakali Ltd

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Danakali Ltd secures institutional funding for Tier 1 Colluli Potash

Danakali Ltd (ASX:DNK) has received commitments from a UK based institutional investor to raise A\$6.7 million through the issue of 20.2 million shares at A\$0.33 per share.

The price is a 17% discount to recent trading.

Funds will be applied to 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.

The Colluli Project Definitive Feasibility Study (DFS) was completed in November 2015 and outlined the production of sulphate of potash (SOP) using a two module development approach, and demonstrates expected industry leading capital intensity and expected bottom quartile operating cost curve position.

The expected mine life at the DFS production rates exceeds 200 years.

Paul Donaldson, managing director, commented:

"We believe that the industry leading capital intensity, bottom quartile operating costs, unrivalled product diversification potential and proximity to coast and global markets, as demonstrated by the completed DFS makes the Colluli Project the most compelling greenfield potash development project in the world.

"We are very pleased with the placement and welcome the addition of a UK based institutional investor to our share register."

Analysis

This placement is testimony of how the international profile of the Colluli Project is growing and is a clear endorsement of the project, the jurisdiction and the company.

It further demonstrates the attractiveness of the Colluli Project and Danakali as an emerging agri-commodity company.

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

"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

Price: 0.595

Market Cap: \$158.02 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.

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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.

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