

# Danakali Ltd

00:00 15 Aug 2016

## Danakali Ltd adds to monetisation potential of Colluli

Danakali Ltd (ASX:DNK) has defined in excess of 85 million tonnes of kieserite mineral resource within the Colluli Project located in East Africa.

Kieserite is a fertiliser containing magnesium and sulphur typically used in cropping, horticulture, palm oil, market gardening and maize production.

Kieserite trades at between US\$100 and US\$120 per tonne and further adds to the pipeline of Colluli's multi agri-product suite.

Paul Donaldson, managing director, commented: "This further adds to what we believe is a compelling investment case and further substantiates the Colluli Project as a positively unique, world class project with multi agri-commodity potential.

"Kieserite is a sought after fertiliser for magnesium deficient soils which are common in jurisdictions proximate to Colluli.

"The monetisation potential adds to the industry leading capital intensity, superior project economics and bottom quartile operating costs determined in the definitive feasibility study for the production of sulphate of potash. The project has no peer."

### Background

The definitive feasibility study on Colluli was completed in November 2015 and the project is currently awaiting mining license approvals.

The study forecast the project to have industry leading capital intensity, bottom quartile operating costs and an ore reserve of 1.1 billion tonnes.

Funding discussions are underway and the company has signed memorandums of understanding for 800,000 tonnes of sulphate of potash (SOP) per annum and 200,000 tonnes of sulphate of potash magnesia (SOP-M) per annum.

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

### Next steps

Danakali 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.

**Price:** 0.42

**Market Cap:** \$133.87 m

### 1 Year Share Price Graph



### Share Information

**Code:** DNK

**Listing:** ASX

**52 week High Low**  
0.77 0.285

**Sector:** Rare earths & specialist minerals

**Website:** [www.danakali.com.au](http://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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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 definitive feasibility study 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).

Regarding the kieserite, work will commence in the near future on the recovery of kieserite from the tailings salt and the capital and operating costs required for its separation.

### **Recent placement**

Danakali recently received commitments from a U.K. based institutional investor to raise A\$6.7 million through the issue of 20.2 million shares at A\$0.33 per share.

Funds will be applied to the Tier 1 Colluli Potash Project.

### **Analysis**

The definition of the kieserite resource is yet another attribute that strengthens the overall economics of the Colluli project.

Alongside the recent placement, it further demonstrates the attractiveness of Colluli and Danakali as an emerging agri-commodity company.

Kieserite is high in magnesium which further highlights the favourable geographical location of Colluli relative to key agricultural regions with magnesium deficient soils.

Colluli has a unique resource composition relative to other potash basins throughout the world, enabling it to produce a broad suite of fertiliser products and providing unrivalled product diversification and project upside potential.

The stock is up 35% year to date, currently trading at \$0.395.

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