

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

Company Synopsis:

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

action@proactiveinvestors.com

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.

Proactive Investors is a global leader reporting financial news, media, research and hosts events for listed emerging growth companies and investors across four continents.

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).