



## ASX Release

22 July 2015

**ASX Code:** DNK

### Issued Capital

Share Price \$0.385  
Market Capitalisation \$67.1M  
Shares on issue 174M  
Company options 24M  
**Cash \$8.1M**

### Board of Directors

Mr Seamus Cornelius  
*Non-executive Chairman*

Mr Paul Donaldson  
*Managing Director*

Mr Anthony Kiernan  
*Non-Executive Director*

Mr John Fitzgerald  
*Non-Executive Director*

Mr Liam Cornelius  
*Non-Executive Director*

Ms Amy Just  
*Company Secretary*

### Information

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## Optimisation testwork reduces Colluli DFS water consumption requirements by over 60%

Danakali Limited (ASX:DNK) (“Danakali” or “The Company”) is pleased to announce the completion of process optimisation testwork focussing on the reduction of water consumption for the Colluli sulphate of potash (SOP) project.

Optimisation testwork was initiated in February 2015 following the completion of the prefeasibility study (PFS), and was completed at the Saskatchewan Research Council (SRC) under the direction of Global Potash Solutions.

PFS mass balance modelling completed in December 2014 identified water consumption requirements of 11 tonnes per tonne of product (*ASX release 9 December 2014*). Optimisation testwork has substantially reduced water consumption requirements to 3.5 tonnes of water per tonne of product representing a reduction of over 60%.

Steady state process potassium recoveries are predicted to be 85%, which is consistent with the PFS mass balance modelling.

The results will be incorporated in the definitive feasibility study (DFS), which is currently scheduled for completion in the third quarter of calendar year 2015.

Danakali Managing Director, Paul Donaldson said “We are pleased with the outcomes of the optimisation testwork focussing on water consumption reduction. The 60% reduction relative to the PFS design should favourably impact the size of the process plant water delivery system and recovery ponds for the definitive feasibility study.”

-ENDS-



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### About Danakali Ltd

Danakali is an ASX listed company and 50% owner of the Colluli Potash Project in Eritrea, East Africa. The company is currently developing the Colluli Project in partnership with the Eritrean National Mining Company (ENAMCO).

The project is located in the Danakil Depression region of Eritrea, 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 amendable 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 Colluli has a JORC 2012 compliant resource containing over 1 billion tonnes of potassium bearing salts suitable for the production of potash fertilisers. The resource is positively unique in its size, combination of salts, proximity to coast and shallow mineralisation. The combination of salts within the resource makes it suitable for high yield, low energy input production of potassium sulphate, which is also known as sulphate of potash or SOP. SOP is a specialty fertiliser that carries a substantial price premium relative to the more common potassium chloride, which is the most common potassium salt known as potash.

The company has completed a prefeasibility study 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. 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) with 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.

The JORC 2012 Compliant Mineral Resource Estimate for the Colluli Potash Project now stands at 1.289 billion tonnes @ 11% K<sub>2</sub>O for 260Mt of contained SOP. Substantial project upside exists in higher production capacity and market development for other contained products such as potassium magnesium sulphate, potassium chloride, rocksalt and magnesium chloride.

Our vision is to bring the Colluli project into production using the principles of risk management, resource utilisation and modularity, using the starting module as a growth platform to develop the resource to its full potential.