

Danakali Ltd

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Danakali's Colluli Sulphate of Potash Project remains on track for production

Danakali Ltd's (ASX:DNK) (LON:DNK) (OTCMKTS:SBMSF) Colluli Sulphate of Potash Project in Eritrea, East Africa, remains on track for production in 2022, following continued progress on EPCM (engineering, procurement and construction) testing and planning workstreams in preparation for the design stage throughout the June quarter.

In its latest June quarterly update, the company highlighted the importance of focusing on key areas such as project financing and project development for the following quarter.

Project spend is also continually being assessed and restricted to those areas critical to the long-term success of the project.

Danakali had A\$15.8 million cash on hand as at June 30.

EPCCM phase-2 materials delivered

Although on-site activities were suspended, EPCM phase-2 materials have been delivered by DRA Global including:

- Capital estimates and project schedule; and
- Identifying focus areas in design and process.

This allows the advancement to the next phase of project development and identifies focus areas to manage the design and any process risks during the detailed design phase.

The Colluli Mining Share Company (CMSC) project team are now in the process of reviewing the deliverables.

Additional test work and potential opportunities

EPCM Phase 2 identified and started additional test work that was planned to be undertaken as part of phase 3 detailed engineering.

CMSC took the opportunity with the COVID 19 global restrictions to advance these test work items immediately.

The output of this test work supports environmental and capital optimisation opportunities. Contracts have been awarded in support of this test work.

These proactive steps by CMSC are continuing to maintain the forward momentum of the project development.

Water Intake Treatment Area

Within the Water Intake Treatment Area (WITA) several potential opportunities have been identified to improve Environmental outcomes.

The key opportunities are identified as the use of filtered sea water in the processing plant and using beach wells as the

Price: 0.45

Market Cap: \$143.43 m

1 Year Share Price Graph



Share Information

Code: DNK

Listing: ASX

52 week High Low
0.67 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.

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water intake alternative.

A desktop study is underway to evaluate the beach well intake option.

The use of filtered sea water in the process plant is being assessed as part of the additional test work that has commenced.

Project financing

Danakali has further advanced its equity strategy to secure the remaining financing needed for Colluli development.

Danakali and the Africa Finance Corporation (AFC) have agreed to an extension of the deadline for Tranche-2 of AFC's investment on or before November 21, 2021.

AFC continues to be a great supporter of Colluli and are confident in Danakali's competence to successfully deliver the project.

AFC is also committed to its US\$150 million funding across the CMSC Senior Debt and equity investments.

Danakali appointed new directors to its board including president and CEO Samaila D. Zubairu, President and CEO and AFC senior director of investment operations and execution Taiwo Adeniji.

They joined the Danakali board as non-executive directors at an important time, bringing significant experience to the board and support to the Colluli, as it moves closer to construction and production which is currently expected to be in 2022.

As part of its US\$50 million strategic equity investment in Danakali and overall funding package for development and construction of Colluli, AFC was granted the right to nominate up to two directors to Danakali's board.

Financial resilience

Danakali's board has maintained prudent spending in the June Quarter with its focus on critical project spend tied to the long-term success of Colluli development.

With the receipt of Tranche 1 of AFC's investment of US\$21.5 million (A\$31.8 million) in 2019, Danakali is well funded.

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