

Danakali Ltd

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Danakali aims to close required financing and progress Colluli SOP project development in remainder of 2020

Danakali Ltd (ASX:DNK) (LON:DNK) (OTCMKTS:SBMSF) will continue to focus on closing the required financing and progressing with project development of the Colluli Sulphate of Potash Project in Eritrea during the remainder of 2020.

A range of options are being progressed for funding the balance required to bring Colluli into production.

The company said that as COVID-19 restrictions were being relaxed in Eritrea providing access to the project site, it could prepare for construction.

On track for production in 2022.

Chief executive officer Niels Wage said: "We started 2020 with the kick-off of the project development for Colluli and despite the unprecedented and challenging COVID-19 pandemic, we have been able to make good progress with our EPCM activities.

"Following the significant milestones achieved towards the end of last year, we entered 2020 with a robust plan to significantly progress EPCM activities, bringing Colluli closer to construction.

"As COVID-19 restrictions are being relaxed in Eritrea, access to Colluli is possible and we can prepare for construction.

"The business is well-positioned financially with its existing cash resources.

"With a number of prudent reduction measures that had been taken to manage spend in second quarter 2020, we are seeing a lower burn rate and continue to follow a disciplined and balanced capital allocation policy.

"We will continue our focus for the second half of 2020 on closing out the required financing and progressing with the project development."

Plans for remainder of 2020

In its six months to June 2020 financial report, the company said plans for the remainder of 2020 include:

? Finalisation of project funding requirements;

? Finalise remaining conditions precedent and receipt of the African Finance Corporation (AFC) Tranche 2 of US\$28.5 million; and

? Continue design and EPCM optimisation work and commencement of EPCM Phase 3 (detailed design).

Price: 0.4

Market Cap: \$127.5 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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EPCM progress

During the half-year, phases 1 and 2 of the EPCM, which covers the FEED review and update, were completed on budget, allowing the completion of the tender evaluation process.

In view of COVID-19, all resources were mobilised in support of desk-based activities to allow the continued progress on the development of the project and EPCM workstreams, including test work and optimisation studies in support of phase 3 of the EPCM.

The notice of commencement of mine development was accepted by the Eritrean Ministry of Energy & Mines and permits have been granted for infrastructure development and quarries

Danakali has also published the inaugural 2019 Sustainability Report for the project.

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