



A\$20.3 Million Placement to Advance Colluli

- Danakali successfully raises A\$20.3m in a heavily over-subscribed offer to institutional and sophisticated Investors.
- Early works program will commence immediately.

Danakali Limited (ASX: DNK, LSE: DNK) (**Danakali** or the **Company**) is pleased to announce that the Company has successfully completed a bookbuild to domestic and international institutional and sophisticated investors to raise A\$20.3 million before costs (**Placement**) through the issue of 47,296,231 ordinary shares (**Placement Shares**) at A\$0.43 per share.

The proceeds of the Placement will be applied towards early works at the Company's Colluli SOP Project, including site road development, geotechnical optimisation, reverse osmosis plant completion and installation, exploration camp relocation and RA International mine camp installation. In addition, proceeds will be used towards detailed engineering for the Project and for general working capital requirements.

Seamus Cornelius, Executive Chairman, commented:

"We are delighted by the strong interest from new institutional and sophisticated investors as well as the support from existing shareholders and would like to thank them for their participation in this heavily oversubscribed fundraise. With the completion of this placement and subject to agreement on timing and priorities with our partners in Eritrea, the Company can now fund key activities which allows us to move forward immediately with the early works at Colluli that will ensure efficient mine construction".

Euroz Hartleys Limited is the Lead Manager and Bookrunner to the Placement. Canaccord Genuity (Australia) Limited acted as Co-Manager to the Placement. Shore Capital Stockbrokers Limited acted as Danakali's sole Bookrunner and placement agent to investors in the United Kingdom.

Placement

The allotment of 47,296,231 Placement Shares is not subject to shareholder approval and will fall within the Company's 15% placement capacity under ASX LR 7.1 (15,327,397 Placement Shares) and additional 10% placement capacity under ASX LR 7.1A (31,968,834 Placement Shares).

The Placement Shares, which will rank pari passu with the existing ordinary shares in the Company, have been conditionally placed subject to admission to trading on the ASX (**ASX Admission**). Application will be made for ASX Admission of the Placement Shares and for the Placement Shares to be admitted to the Official List of the FCA (Standard Segment) and to trading on the London Stock Exchange's Main Market (LSE Admission). ASX Admission and LSE Admission are both expected to occur on Thursday, 6 May 2021.

Strong Board and Management Support

In addition to the Placement Danakali's Directors have indicated their intention to collectively subscribe for 1,080,000 shares to raise \$464,400 on the same terms as the Placement (**Director Placement Shares**). Resolutions to approve participation by Directors will be put to shareholders at a general meeting planned to be held in or around June 2021.



In addition to these Directors, certain persons discharging managerial responsibilities (**PDMR**) and persons closely associated (**PCA**) with a PDMR have indicated their intention to subscribe for 269,768 shares to raise \$116,000 on the same terms as the Placement (**Other PDMR/PCA Shares**). Such participation is to be confirmed once the Company has released its quarterly results for the period ended 31 March 2021 (expected to be released on or around 30 April 2021) and is therefore out of the "closed period" for trading.

Total Voting Rights

Following the issue of the Placement Shares, the Company will have 366,984,578 ordinary shares on issue, all of which have the right to one vote. The Company does not hold any Ordinary Shares in treasury. Therefore, the total number of voting rights in the Company will be 366,984,578 which figure may be used by shareholders or other persons as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company.

A completed Appendix 3B in respect of the proposed issue of Placement Shares has been lodged together with this announcement.

This announcement is intended to lift the voluntary suspension of the Company's ordinary securities.

This Announcement is authorised for release by the Board of Danakali Limited.

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About Danakali

Danakali Limited (ASX: DNK, LSE: DNK) (**Danakali**, or the **Company**) is an ASX- and LSE-listed potash company focused on the development of the Colluli Sulphate of Potash Project (**Colluli** or the **Project**). The Project is 100% owned by the Colluli Mining Share Company (**CMSC**), a 50:50 joint venture between Danakali and the Eritrean National Mining Corporation (**ENAMCO**).

The Project is located in the Danakil Depression region of Eritrea, East Africa, 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 known potash deposit. The resource is amenable to open cut mining, which allows higher overall resource recovery to be achieved, is generally safer than underground mining, and is highly advantageous for modular growth.

The Company has completed a Front End Engineering Design (**FEED**) for the production of potassium sulphate, otherwise known as Sulphate of Potash or **SOP**. SOP is a chloride free, specialty fertiliser which carries a substantial price premium relative to the more common potash type; potassium chloride (or **MOP**). 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) 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. A binding take-or-pay offtake agreement has been confirmed with EuroChem Trading GmbH (**EuroChem**) for up to 100% (minimum 87%) of Colluli Module I SOP production.

Development Finance Institutions, Africa Finance Corporation (**AFC**) and African Export Import Bank (**Afreximbank**), have obtained formal credit approval to provide CMSC with US\$200M in senior debt finance. The credit documentation was executed in December 2019, allowing drawdown of CMSC senior debt on satisfaction of customary conditions precedent. This represents the majority of funding required for the development and construction of the Colluli.

The Company's vision is to bring Colluli into production using the principles of risk management, resource utilisation and modularity, using the starting module (**Module I**) as a growth platform to develop the resource to its full potential.

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