



Appointment of Executive Chairman and restructure of Board and Executive

Danakali Limited (ASX: DNK) (**Danakali**, or the **Company**) announces the following management changes:

- Current Non-Executive Chairman, Mr Seamus Cornelius, has been re-appointed as Executive Chairman
- The role of current Chief Executive Officer (CEO), Mr Niels Wage has been made redundant as part of a reallocation of responsibilities
- Basic board fee to be reduced by 33% immediately for all board members and board size to be reduced at AGM in Q2 2021

Executive Chairman

Mr Cornelius was appointed as Non-Executive Chairman of the Company on 15 July 2013 and acted in the role of Executive Chairman from 14 June 2018 to 25 June 2019. Mr Cornelius is a corporate lawyer and former partner of one of Australia's leading law firms. He has a high degree of expertise in cross-border transactions, particularly in the resources and finance sectors. Mr Cornelius is a member of the Company's Audit and Risk Committee, Remuneration and Nomination Committee and is the Chairman of the Colluli Mining Share Company (**CMSC**) (the 50:50 joint venture between Danakali and the Eritrean National Mining Corporation (**ENAMCO**) which owns 100% of the Colluli Potash Project (**Colluli**, or the **Project**)).

Mr Cornelius will be entitled to additional remuneration in respect of the executive duties to be performed as part of his new role. The remuneration package is in the process of being approved and the Company will update the market of the material terms once finalised.

CEO

With the ongoing serious disruption to international travel caused by the Covid-19 pandemic the Company advises that as part of the restructure of roles and responsibilities which will increase efficiencies and reduce operating costs, the role of Mr Niels Wage, the Company's Chief Executive Officer, has been made redundant. His responsibilities will be assumed by the Executive Chairman with support from other team members. Mr Wage joined Danakali in June 2018 as Chief Commercial Officer before assuming the role of CEO in March 2019. Highlights of Mr Wage's tenure include leading the Company through signing of documentation for the US\$200m senior debt facility for CMSC from African Export Import Bank and Africa Finance Corporation (**AFC**) (refer announcement 23 December 2019) and while the Company secured the US\$21.5m equity investment from AFC (refer announcement 10 December 2019), Mr Wage also oversaw the commencement of the development of the Project including the completion of EPCM Phases 1 and 2.

Mr Wage will support an orderly transition of his responsibilities and intends to pursue other opportunities.



Danakali Executive Chairman, Mr Seamus Cornelius said: *“I am honoured to be asked by the Board to serve as Executive Chairman. I look forward to further serving our shareholders and continuing to work closely with our partners ENAMCO as we progress the Project through the final funding phase and into production, delivering long term value for all stakeholders.*

“Niels’ contributions to Danakali and successes as CEO, have enabled CMSC and Danakali to progress the development of Colluli to the position it is today. On behalf of the Board, I extend my sincere thanks and gratitude to Niels for his significant contribution to Danakali during what has been an extraordinary period for the global economy. Niels’ professionalism and work ethic served the Company very well while we faced the many challenges arising from the Covid-19 pandemic and will surely stand Niels in good stead as he pursues his next opportunity.”

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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. AFC has also made a strategic equity investment in Danakali of US\$21.5M (A\$31.8M) allowing the commencement of the development for the Project.

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.

Forward looking statements and disclaimer

The information in this document is published to inform you about Danakali and its activities. Danakali has endeavoured to ensure that the information enclosed is accurate at the time of release, and that it accurately reflects the Company's intentions. All statements in this document, other than statements of historical facts, that address future production, project development, reserve or resource potential, exploration drilling, exploitation activities, corporate transactions and events or developments that the Company expects to occur, are forward looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices of potash and, exploitation and exploration successes, capital and operating costs, changes in project parameters as plans continue to be evaluated, continued availability of capital and financing and general economic, market or business conditions, as well as those factors disclosed in the Company's filed documents.

There can be no assurance that the development of Colluli will proceed as planned. Accordingly, readers should not place undue reliance on forward looking information. Mineral Resources and Ore Reserves have been reported according to the JORC Code, 2012 Edition. To the extent permitted by law, the Company accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this document. Recipients should make their own enquiries in relation to any investment decisions.

Mineral Resource, Ore Reserve, production target, forecast financial information and financial assumptions made in this announcement are consistent with assumptions detailed in the Company's ASX announcements dated 25 February 2015, 23 September 2015, 15 August 2016, 1 February 2017, 29 January 2018, and 19 February 2018 which continue to apply and have not materially changed. The Company is not aware of any new information or data that materially affects assumptions made.

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