Danakali: Notice to Proceed issued to DRA Global

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- CMSC has issued a Notice to Proceed to DRA Global for the provision of EPCM services
- DRA Global has global project management expertise and significant experience working in Africa
- The CMSC Board has resolved to commence EPCM phases 1 & 2

Danakali Ltd. (ASX: DNK, LSE: DNK, Danakali or the Company), is pleased to announce that the Colluli Mining Share Company (CMSC) has issued a Notice to Proceed to DRA Global (DRA), the preferred provider of Engineering, Procurement and Construction Management (EPCM) services for the Colluli Sulphate of Potash Project (Colluli or the Project). The Notice to Proceed is an interim agreement that allows DRA and CMSC to commence the EPCM process. Further, the Colluli Mining Share Company (CMSC) Board has resolved to commence EPCM phases 1 & 2.

DRA is a high quality, multi-disciplinary global project management and engineering group with strong African experience and EPCM delivery capability. The scope of DRA’s contract includes:

- all aspects of design, project management, procurement, construction management and supervision;
- commissioning of the complete process plant and associated infrastructure; and
- awarding and overseeing major contracts such as early works, earthworks, structural, mechanical, piping, electrical and instrumentation works, laboratory and permanent camp.

EPCM phase 1 & 2 activities will include:

- DRA review of Colluli Front End Engineering Design (FEED)
- Mobilisation of CMSC Owner’s Team
  ? Includes Project Director, Tony Harrington, and personnel from Turner & Townsend, a multinational professional services company
- FEED updated by DRA:
  ? Re-estimate of capital and definition of schedule
  ? Optimisation reviews
  ? Develop further information required to complete detailed engineering
  ? Develop early works scope and issue tender enquiries
- Commence geotechnical test work
- Purchase of critical equipment
  ? Including reverse osmosis equipment necessary for early work activities

The purpose of the phased EPCM approach is to ensure that CMSC achieves technical, commercial, financial and nameplate requirements that satisfy the economic model, funding criteria and the expectations of all stakeholders. CMSC’s phased EPCM approach follows.

Project Director, Tony Harrington, said: "I am very pleased we will be formalising our partnership with DRA after over a year of quality and positive interactions with their team. With the majority of project funding committed the CMSC Owner’s Team is ready and eager to collaborate with DRA and commence work immediately. This is the moment our personnel and other stakeholders in Eritrea have been waiting for.” (see excerpts from a 2019 interview with Mr. Harrington at http://www.danakali.com.au/investor-relations/asx-announcements)

EPCM phases 1 & 2 - Mobilisation

EPCM p

- Mobilise EPCM Owner’s Team
- Finalise geotechnical work
- Purchase critical equipment, including reverse osmosis plant
- Investigate optimisation opportunities
- Develop optimal execution strategy

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2.25 years from commencement of project execution to production

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Announcement authorised for release by the board of Danakali.

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