



DANAKALI

Danakali Ltd
Level 1, 2A / 300 Fitzgerald Street
North Perth, Western Australia, 6006
Tel: +61 8 6266 8368
www.danakali.com.au

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ASX Release

Dear fellow shareholders

Update on the Colluli Sale Transaction

This letter is to update you on progress made on the proposed transaction with Sichuan Road & Bridge Group ("SRBG") announced on 3 October 2022 and provide guidance on the likely next steps.

To date, we have made good progress through the due diligence process which is virtually complete. SRBG have advised us that all reports have been received and reviewed, but further clarifications and explanations about the proposed transaction could be made during the PRC Government approval process.

The definitive Share Sale Agreement ("SSA") is close to finalisation. We are negotiating the final few points that need to be agreed before we can sign the SSA. After we have signed the SSA, we will issue a notice of meeting with an explanatory memorandum ("NOM"). I expect the NOM to be issued approximately 2 weeks after we sign the SSA and for the shareholder meeting to approve the transaction to be held about 1 month after the NOM is issued. SRBG is well prepared for the PRC Government approval process they will need to follow before completing the transaction.

Our partners in Eritrea, ENAMCO and the relevant Government Departments remain supportive of the transaction and have been closely involved in helping us reach this point.

The two major steps we don't control are the actual date of signing the SSA and the length of time it takes for SRBG to obtain the required PRC Government approvals.

Overall, and subject to any unanticipated event or delay, I expect us to complete the transaction within the Indicative Timeline in our Announcement on 3 October 2022.

Your sincerely

Seamus Cornelius
Executive Chairman
Danakali Limited

This announcement has been authorised for release by the Executive Chairman of Danakali Limited.