



ASX Release

12 May 2023

Danakali Board reaffirms intention to distribute 90% proceeds of Colluli Potash Project sale to shareholders

Danakali Limited (ASX:DNK) (**DNK**, **Danakali** or the **Company**) advises that it has received a letter from a substantial shareholder urging changes to the Company's strategy in relation to distributing proceeds from the sale of the Colluli Potash Project.

In the interests of keeping shareholders informed, a copy of that letter is available [here](#).

The shareholder concerned is a listed investment company called NGE Capital Limited (ASX: NGE) (**NGE**), which holds 20 million Danakali shares representing 5.43% of the Company's share register.

NGE wants:

- Danakali to return 100% of capital from the Colluli sale to shareholders; and
- the Company to be liquidated.

The Board of Danakali has reviewed NGE's letter, as it would any correspondence from shareholders, and concluded there is no reason to divert from the Company's existing, long-standing and consistent strategy in relation to the proceeds from the Colluli sale.

The first tranche of US\$105 million was paid in March 2023 and a further US\$16 million second tranche payment is due at the end of September 2023.

Danakali has committed to making the shareholder distributions as quickly as possible and in the most tax effective form for shareholders. Extensive professional advice has been sought to optimise the distribution for shareholders, and some of this advice is still to be finalised.

Beyond the distribution, Danakali continues to assess new project opportunities, and expects to make further announcements in coming months.

Executive Chairman Seamus Cornelius said the Board remains committed to both the current distribution plan and to driving further shareholder value through new projects.

"Our ambition as a Board is to deliver value for our investors, and repatriating to them 90% of the proceeds of the Colluli sale is absolutely aligned with this guiding principle," said Mr Cornelius.

"An overwhelming 99.55% of shareholders voted in favour of the sale of the Colluli Potash Project (disposal of main undertaking) at the General Meeting held 2 March 2023 and we're committed to delivering what we think is right and what our investors have supported.



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“NGE came on the Danakali register on 24 October 2022 with full knowledge of the intention to distribute 90% of the Colluli sale proceeds, which had already been announced to the market on 3 October 2022.”

“If the conditions precedent are satisfied, and the Transaction proceeds to completion, DNK intends to distribute 90% of the net proceeds to DNK shareholders and continue as a listed company to identify new projects and growth opportunities,” said the 3 October 2022 announcement to the ASX.

Mr Cornelius said that while every shareholder was entitled to express their views, a Board must represent all shareholders and not be swayed by the imperatives of a single investor.

NGE holds 22.3% of its assets in Danakali shares, all of which have been accumulated since the terms of the Colluli sale and the 90% distribution intention were announced.

NGE’s announcement on 11 May 2023 shows its shares trade at a 25% discount to pre-tax net tangible asset (**NTA**) backing and a 29% discount to post-tax NTA.

Mr Cornelius said he fully expects Danakali shares to re-commence trading on the ASX in due course once a new project has been secured. As previously advised, any transaction Danakali proposes to enter into may, if required by ASX, attract the application of Listing Rule 11.1.3 and as a result the Company may, if required by ASX, be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

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

-Ends-

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