



Danakali proposes return of 42 cents per share to shareholders from Colluli sale, meeting called to approve capital return

Highlights

- 42 cents per share return to shareholders from proceeds of interest in Colluli Potash Project
- Proposes 27.3 cents per share capital return, the balancing 14.7 cents per share being an unfranked dividend
- Total return to shareholders of \$154.7 million
- Australian Taxation Office class ruling process underpinning the distribution mix substantially progressed although awaiting binding ATO Ruling
- Shareholder meeting to approve capital return component on 24 November 2023
- Distribution to shareholders scheduled for 8 January 2024

Return to Shareholders

Danakali Limited (ASX: DNK, Danakali, or the Company) is pleased to propose a return of 42 cents per share to shareholders from the sale of the Company's interest in the Colluli Potash Project (subject to the relevant shareholder approval set out in the accompanying Notice of Meeting).

Following the engagement with the Australian Taxation Office the process of obtaining a final ATO Ruling has been substantially progressed and, on that basis, Danakali can confirm the distribution to shareholders is proposed to comprise approximately:

- a capital return of 27.3 cents per share (subject to shareholder approval); and
- a dividend of 14.7 cents per share.

Danakali expects the distribution will be made on 8 January 2024, based on registered shareholders as at 2 January 2024 and subject to shareholder approval.

A meeting of shareholders has been called for 24 November 2023 to vote on the proposed capital return of 27.3 cents per share and other related resolutions. The dividend of 14.7 cents per share does not require shareholder approval.

Full details on the resolutions and likely tax impacts of the distributions are contained in the accompanying Notice of Meeting and Explanatory Memorandum.



Danakali Executive Chairman Seamus Cornelius said the Board was pleased to provide greater certainty to shareholders on the timeline and composition of the Colluli distribution.

The \$154.7 million distribution represents 89.4% of the \$173 million net proceeds from the sale of Danakali's interest in Colluli. This is based on the exchange rate prevailing on the day of the Sale Agreement. These numbers formed the basis of the engagement with the ATO and forms the basis on which the distribution will be made.

Cancellation of Options

There are 4,250,000 executive options at a strike price below the cash backing of each share. If the 4,250,000 executive options were exercised, they would adversely impact shareholders' capital return per share. Likewise, the executive option holders would be adversely impacted by the distribution to shareholders if they do not exercise their executive options. It is therefore recommended by the Board that these executive options should be cancelled for a fair and reasonable value.

The amount recommended by the Board to cancel the 4,250,000 executive options is A\$304,000. BDO has provided an Independent Expert Report opinion that the cancellation of options under resolution 2 in the accompanying Notice of Meeting is fair and reasonable to Danakali shareholders.

Full details of the option cancellation proposal, which requires shareholder approval, and the Independent Expert's Report are contained in the Notice of Meeting and Explanatory Memorandum.

Continued Business Opportunities

Following the Colluli transaction, Danakali has continued to evaluate new mineral exploration and development opportunities in potash and critical metals (notably copper, nickel, gold, cobalt, tin and lithium).

The Company is targeting exploration and development assets (such as Colluli) where it can apply its experience and expertise and drive shareholder returns. Danakali's geographical focus remains on projects located in Australia and Africa.

The Company also continues to engage with the ASX regarding lifting the current suspension of trading in the Company's shares.

Shareholder Elections – Updating Email Address and Bank Instructions

In preparation for distribution of proceeds from the Colluli sale, Danakali strongly encourages all shareholders to update their email address, tax file number (if applicable) and banking details online through Computershare's Investor Centre website at www.computershare.com.au/easyupdate/DNK. Alternatively, shareholders may contact Computershare on 1300 850 505 (within Australia) or + 61 3 9415 4000 (outside Australia).



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

Danakali

Seamus Cornelius
Executive Chairman

Greg MacPherson
Chief Financial Officer

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