



ASX Release:

27 October 2023

Quarterly Report

For the period ended 30 September 2023

Danakali Limited (ASX: DNK, **Danakali**, or the **Company**) is pleased to provide this quarterly update on the activities and financial position of the Company.

Highlights

During the three months to 30 September, the Company successfully closed out the Colluli Potash Project sale transaction. Danakali has now received the second tranche US\$16 million final payment for the Colluli Potash Project and concluded the transition of Colluli to Sichuan Road and Bridge Group Co Ltd.

Total proceeds from the sale of Colluli amounted to US\$121 million, or A\$173 million before any FX adjustment.

On 23 October 2023, Danakali announced it would distribute approximately 90% of the Colluli sale proceeds in January 2024 (as detailed below).

Beyond the Colluli transaction, Danakali has further advanced a number of potential new opportunities for the Company in line with its stated strategy of being a leading exploration and development company in the critical minerals sector in Australia and Africa.

Distribution of Colluli Proceeds

Following receipt of the final payment in respect of the Colluli asset sale transaction, Danakali was pleased to announce that shareholders would receive a return of 42 cents per share from the sale of the Company's interest in the Colluli Potash Project.

Following 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.

A meeting of shareholders has been called for 24 November 2023 to vote on the proposed capital return.

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.

Codes:

ASX: DNK, SO3-FRA,
SO3-BER.
US Level 1 ADR's OTC-
DNKLY,
CUSIP.23585T101

Financial facts:

Issued capital: 368.3m
Share price: A\$0.41 as
at 2 April 2023.
Market cap:
A\$151.0m.



Corporate Development

Danakali continues its corporate development activities to evaluate suitable projects to grow the Company in line with its vision of being a leading exploration and development company in Australia and Africa's critical resources sector, driving sustainable growth, technological innovation, and responsible resource management.

The corporate development strategy aligns with the requirements of Listing Rule 12.1 to return to official quotation upon application to ASX.

ASX Suspension

The Company's securities were suspended from quotation on the Australian Stock Exchange (**ASX**) from the close of market on 3 April 2023 following the Colluli sale, as the ASX determined that Danakali's operations were no longer adequate to warrant the continued quotation of its securities. The suspension will continue until Danakali is able to demonstrate compliance with Listing Rule 12.1 of the listing rules.

Shareholder Elections – Updating Email Address and Bank Instructions

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).

Capital

Cash

Consolidated cash on hand was A\$192 million on 30 September 2023. Please refer to the Appendix 5B for the quarter.

The Company advises that subsequent to the September quarter end, on 3 October 2023 it received A\$1.9m in interest in relation to the first tranche proceeds which were placed on short term bank deposit to take advantage of prevailing high deposit rates.

Securities

As at 30 September 2023, there were 368,334,346 fully paid ordinary shares on issue. No shares were issued during the quarter.

As at 30 September 2023, there were 14,450,000 unlisted options on issue at various exercise prices and expiry dates. No options expired during the quarter.



Related Party Transactions

In accordance with ASX Listing Rule 5.3.5, payments to related parties of the Company and their associates during the quarter totalled \$198,000. The Company advises that this relates to Director fees and performance-related remuneration payments. Refer to the Remuneration Report in the Financial Report for further details on director remuneration.

For more information, please contact:

Danakali

Seamus Cornelius
Executive Chairman
scornelius@danakali.com
+61 450 649 311

Greg MacPherson
Chief Financial Officer
gmacpherson@danakali.com
+61 426 967 683

Announcement authorised for release by the board of Danakali.

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, that address future 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 and actual events or developments may differ materially.

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.

No representation or warranty, express or implied, is or will be made by or on behalf of the Company, and no responsibility or liability is or will be accepted by the Company or its affiliates, as to the accuracy, completeness or verification of the information set out in this announcement, and nothing contained in this announcement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Company and each of its affiliates accordingly disclaims, to the fullest extent permitted by law, all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this announcement or any such statement.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Danakali Limited

ABN

57 097 904 302

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(69)	(128)
(b) development	-	-
(c) production	-	-
(d) staff costs	(770)	(1,758)
(e) administration and corporate costs	(578)	(1,092)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1,520	1,590
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	103	(1,388)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:	-	-
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	132,902
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	23,722	47,040
2.4	Dividends received (see note 3)	-	-
2.5	Other:		
	(a) Payments directly related to disposal of investment	-	(1,283)
	(b) Payments for funding of joint venture	-	(27)
2.6	Net cash from / (used in) investing activities	23,722	178,632

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	168,291	14,873
4.2	Net cash from / (used in) operating activities (item 1.9 above)	103	(1,388)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	23,722	178,632

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	1	-
4.6	Cash and cash equivalents at end of period	192,117	192,117

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	25,613	8,291
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposit)	166,504	160,000
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	192,117	168,291

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	198
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payments included in item 6.1 relates to payment of director fees (\$198k)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	103
8.2 Payments for exploration & evaluation classified as investing activities (item 2.1(d))	-
8.2a Other (item 2.5)	-
8.3 Total relevant outgoings (item 8.1 + item 8.2 + item 8.2a)	103
8.4 Cash and cash equivalents at quarter end (item 4.6)	192,117
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	192,117
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 October 2023.....

Authorised by: By the Audit and Risk Committee.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.