



**DANAKALI**  
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**ASX Release**

**2 May 2024**

## **Notice of Annual General Meeting**

Danakali Limited (ASX: DNK, Danakali, or the Company) is pleased to confirm release of its Notice of Annual General Meeting (**Notice**) to shareholders.

The Annual General Meeting will be held at 10:00am (AWST) on Friday 31 May 2024 at Suite 1, Level 14, 221 St Georges Terrace, Perth, WA 6000.

A copy of the Notice is attached to this announcement.

Announcement authorised for release by the Company Secretary of Danakali.

### **Danakali**

Seamus Cornelius  
Executive Chair

Greg MacPherson  
Chief Financial Officer

Investor inquiries: [gmacpherson@danakali.com](mailto:gmacpherson@danakali.com); +61 426 967 683



**DANAKALI**

Danakali Ltd  
Level 1, 2A / 300 Fitzgerald Street  
North Perth, WA, 6006  
Tel: +61 8 6266 8368  
[www.danakali.com.au](http://www.danakali.com.au)

2 May 2024

Dear Shareholder,

### **Danakali Ltd – Annual General Meeting**

Danakali Ltd (ASX: DNK, **Danakali** or the **Company**) advises that its Annual General Meeting of Shareholders (**Meeting**) will be held on Friday, 31 May 2024 at 10:00am (AWST) at Suite 1, Level 14, 221 St Georges Terrace, Perth, Western Australia, 6000.

The Company will not be sending hard copies of the notice of Meeting to members, unless a member has elected to receive a physical notice of Meeting. Instead, a copy of the Meeting materials can be viewed and downloaded online as follows:

- You can access the Meeting materials online at the Company's website: [www.danakali.com.au](http://www.danakali.com.au)
- A complete copy of the Meeting materials has been posted to the Company's ASX Market announcements page at [www.asx.com.au](http://www.asx.com.au) under the Company's ASX code "DNK".
- If you have provided an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Meeting materials and the voting instruction form.

A copy of your Proxy Form is enclosed for convenience.

The Company intends to hold a physical meeting. We will notify any changes by way of announcement on ASX and the details will also be made available on our website. Shareholders are encouraged to vote by proxy instead of attending the meeting.

The Meeting materials are important and should be read in their entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser.

### **Shareholder elections – Updating your email address and Bank Instructions**

Danakali strongly encourages all shareholders to update their Email address and banking details online through Computershare's Investor Centre website at [www.computershare.com.au/easyupdate/DNK](http://www.computershare.com.au/easyupdate/DNK). Alternatively, you may contact Computershare on 1300 850 505 (within Australia) or + 61 3 9415 4000 (outside Australia).

Yours faithfully

  
Catherine Grant-Edwards  
Company Secretary  
**Danakali Ltd**

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**DANAKALI LTD**

**ACN 097 904 302**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Company's Annual General Meeting (**AGM**) will be held at:

**TIME:** 10:00 am (AWST)

**DATE:** 31 May 2024

**PLACE:** Suite 1, Level 14  
221 St Georges Terrace  
Perth, WA 6000

*The business of the AGM affects your shareholding, and your vote is important.*

*This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (AWST) on 29 May 2024.*

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2023 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2023.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

A voting prohibition statement applies to this Resolution. Please see below.

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#### 3. RESOLUTION 2 – ELECTION OF DIRECTOR – JON COATES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 14.4, clause 59.2 of the Constitution and for all other purposes, Jon Coates, being a non-executive Director appointed casually on 24 April 2024, retires and, being eligible, is hereby elected as a non-executive Director.”*

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#### 4. RESOLUTION 3 – RETURN OF CAPITAL TO SHAREHOLDERS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Part 2J.1 of the Corporations Act, approval is given for the share capital of the Company to be reduced by approximately A\$3,963,278, such reduction of capital to be effected by the Company paying to each Shareholder as at 5.00pm (AWST) on 1 July 2024 the amount of approximately A\$0.01076 per ordinary share held at that time.”*

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#### 5. RESOLUTION 4 – RE-INSERTION OF PROPORTIONAL TAKEOVER PROVISIONS

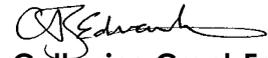
To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That the existing proportional takeover provisions in the form set out in clause 30 of the Company's Constitution are re-inserted for a period of three (3) years commencing from the date of the Meeting pursuant to section 648G of the Corporations Act.”*

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**Dated: 2 May 2024**

**By order of the Board**



**Catherine Grant-Edwards  
Joint Company Secretary**

## Voting Prohibition Statements

### Resolution 1– Adoption of Remuneration Report

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and

expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy and return by the time and in accordance with the instructions set out on the Proxy.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

## Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

**Should you wish to discuss the matters in this Notice please do not hesitate to contact the Company Secretary on +61 8 6266 8368.**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2023 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.danakali.com](http://www.danakali.com).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for a financial year.

The chair of the Meeting must allow a reasonable opportunity for Shareholders to ask questions about or make comments on the Remuneration Report at the Meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, (i) at least 25% of the votes cast on a remuneration report resolution are voted against the adoption of the remuneration report, and (ii) at the first of those annual general meetings, a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors of the Company who were in office when the Directors' report (as included in the Company's annual financial report for the most recent financial year) was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the Company is approved will be the Directors of the Company.

### **2.3 Previous voting results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

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## **3. RESOLUTION 2 – ELECTION OF DIRECTOR – JON COATES**

### **3.1 General**

Clause 59.1 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 59.2 of the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders.

Mr Jon Coates, having been appointed to fill a casual vacancy by the other Directors on 24 April 2024 in accordance with the Constitution, will retire in accordance with clause 59.2 of the Constitution and Listing Rule 14.4 and being eligible, seeks election from Shareholders.

### **3.2 Qualifications and other material directorships**

Mr Coates has had a lengthy and successful career as a senior executive and board member in the global resources sector. He has lived and worked in a number of jurisdictions and has operated in greenfield, brownfield and mine exploration environments. His work has covered a wide range of commodities and varied geological environments. He has held senior roles in major and junior companies. The majority of his career was with Shell/Billiton, where his last position was Chief Geoscientist in the metals exploration team of BHP Billiton. More recently, Mr Coates held the role of Executive Geoscience Advisor of Ma'aden at Riyadh.

He has direct experience in remote site exploration and mining operations with complex logistics, security, community and sensitive ecosystem issues. He holds BSc and MSc degrees from the University of London and a MBA from University of Queensland.

Mr Coates is currently Chair of the Audit and Risk Committee and member of the Remuneration and Nomination Committee.

### **3.3 Independence**

Mr Coates has no interests, positions or relationships that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party.

If elected the Board considers Mr Coates will be an independent Director.

### **3.4 Technical information required by Listing Rule 14.1A**

If Resolution 2 is passed, Mr Coates will be elected to the Board as an independent, non-executive Director.

In the event that Resolution 2 is not passed, Mr Coates will not join the Board as an independent, non-executive Director. The Company may seek nominations or otherwise identify suitably qualified candidates to join the Company Board. As an additional consequence, this may detract from the Board and Company's ability to execute on its strategic vision.

### 3.5 Board recommendation

The Board considers that Mr Coates' skills and experience will enhance the Board's ability to perform its role and execute on its strategic vision. Accordingly, the Board supports the election of Mr Coates and recommends that Shareholders vote in favour of Resolution 2.

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## 4. RESOLUTION 3 – RETURN OF CAPITAL TO SHAREHOLDERS

### 4.1 General

The Directors have determined that the Company has surplus cash and capital which they consider should be returned to Shareholders.

For that reason, the Company intends to distribute approximately A\$7,366,687 to Shareholders.

It is intended that the distribution will take the following form:

1. firstly, an unfranked dividend with an aggregate value of approximately A\$3,403,409 will be paid to Shareholders (approximately A\$0.00924 per Share) from conduit foreign income (**Special Dividend**); and
2. secondly, subject to the approval of Resolution 3, a capital return of approximately A\$3,963,278 will be made to Shareholders on a pro rata basis (approximately A\$0.01076 per Share) (**Proposed Capital Return**).

(together, the **Distribution**).

The Proposed Capital Return will take place in accordance with sections 256B and 256C of the Corporations Act. The Corporations Act requires the Company to obtain the approval of Shareholders by ordinary resolution for an equal capital reduction of its share capital.

The payment of the Special Dividend does not require Shareholder approval and it is not the subject of a resolution at the Meeting.

The Company currently intends to pay the Special Dividend (but not the Proposed Capital Return) regardless of the outcome of Resolution 3. Details regarding the Special Dividend have been included in this Explanatory Statement to provide Shareholders with the full context in which the Company intends to undertake the Distribution.

### Record Date and payment

The current intention of the Board is that, from a legal perspective, the proposed Special Dividend will occur first and the Proposed Capital Return will occur second (subject to Resolution 3 being passed) on the same day. This will enable both components of the Distribution to be paid to all entitled Shareholders as a single payment via cheque or electronic transfer, pro rata to the number of Shares which each Shareholder holds as at 5.00pm (AWST) on Monday, 1 July 2024

**(Record Date)**. The Record Date is subject to change. It is anticipated that the Distribution will be paid on Monday, 8 July 2024.

Any fraction of a cent payable to any Shareholder in respect of that Shareholder's aggregate holding of Shares will be rounded up to the nearest whole cent.

## 4.2 Rationale

On 31 March 2023, Danakali completed the sale of its 50% interest in Colluli Mining Share Company (**CMSC**) to Sichuan Road and Bridge Group Co. Ltd (**SRBG**) for US\$166 million in upfront cash and deferred payments (**Colluli Sale**). Net of all Eritrean government taxes, Danakali received approximately US\$105 million (A\$156 million) on 29 March 2023, and final payment (**Tranche 2**) of approximately US\$16 million on 29 September 2023.

In January 2024, the Company distributed a total of A\$154,700,426 to shareholders (consisting of a A\$100,466,735 return of capital and a A\$54,233,691 special dividend) (**Previous Distribution**).

The Board considers that its current available cash reserves (following the Previous Distribution) are in excess of what the Company requires to:

- execute on its strategic vision (evaluate suitable projects for acquisition and to seek re-listing to ASX); and
- satisfy any potential obligations that may arise from warranties in respect of the sale of the Colluli Potash Project.

The Board has determined that the Distribution shall comprise two components, being firstly, the Special Dividend (unfranked from conduit foreign income) and secondly, the Proposed Capital Return (the subject of this Resolution 3).

The Special Dividend will result in approximately A\$3,403,409 being returned to Shareholders.

The Proposed Capital Return will result in approximately A\$3,963,278 being returned to Shareholders.

## 4.3 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of the Proposed Capital Return and vote in favour of Resolution 3 (Return of capital to Shareholders). Each Director intends to vote all Shares held or controlled by that Director in favour of the Proposed Capital Return.

The Directors consider that the Proposed Capital Return is in the best interests of Shareholders for the following reasons:

- the Proposed Capital Return will maximise returns to Shareholders while not inhibiting the strategic direction of the business and the Company's capacity to acquire and maintain new project assets;
- each Shareholder will retain their current ownership interest in the Company pursuant to the terms of the Proposed Capital Return;
- the Proposed Capital Return will enable the Company to return a sum of money to Shareholders in excess of the amounts otherwise available to Shareholders; and

- the alternative to undertaking the Proposed Capital Return is to hold the excess capital in reserve until such time as a strategic investment opportunity or an alternative capital management initiative on more favourable terms than the Proposed Capital Return becomes available to the Company. Given the time value of money, and the availability of other means to raise funding should it be required, undertaking the Proposed Capital Return is to the best outcome for Shareholders.

Reasons a Shareholder may consider voting against the Proposed Capital Return are as follows:

- following implementation of the Proposed Capital Return, the capital and cash reserves of the Company will be reduced. The Board notes it is of the view that the current capital base of the Company, taken together with cash otherwise available to it is in excess of the Company's current and projected requirements;
- following implementation of the Distribution, the Company's Shares are expected to be valued at a lower share price than the price immediately prior to the 'ex' date for the Distribution. This is directly due to the payment/return of funds to Shareholders and the decrease in cash held by the Company; and
- you may disagree with the recommendation of the Board with respect to the Proposed Capital Return and believe that it is not in your best interests.

#### **4.4 Legal Requirements**

##### **(a) Equal reduction**

The Proposed Capital Return constitutes an equal reduction of Danakali's share capital for the purposes of Part 2J.1 of the Corporations Act because it:

- relates only to the Shares, being ordinary shares of the Company;
- applies to each Shareholder in proportion to the number of Shares they hold; and
- is on the same terms for each Shareholder.

##### **(b) Other statutory requirements**

###### **Fair and reasonable**

Section 256B(1)(a) of the Corporations Act provides that a capital reduction must be fair and reasonable to a company's shareholders as a whole.

The Directors are of the opinion that the Proposed Capital Return is fair and reasonable to all Shareholders as it will apply to all Shareholders on the Record Date equally, in proportion to the number of Shares they hold as at that date.

###### **Company's ability to pay creditors**

Section 256B(1)(b) of the Corporations Act provides that a capital reduction must not materially prejudice a company's ability to pay its creditors.

The Directors, having carefully reviewed the Company's assets, liabilities and expected cashflows, consider that the Proposed Capital Return will not materially

prejudice the Company's ability to pay its creditors. The Directors have also satisfied themselves as to the solvency of the Company following the Proposed Capital Return.

Please refer to Section 4.5(c) below for further information regarding the impact of the Proposed Capital Return on Danakali's ability to pay its creditors.

### **Shareholder approval**

In accordance with section 256C(1) of the Corporations Act, Resolution 3 (Return of capital to Shareholders) will require approval by an ordinary resolution of Shareholders.

Resolution 3 (Return of capital to Shareholders) will be passed as an ordinary resolution for the purposes of section 256C(1) of the Corporations Act if more than 50% of the votes cast by Shareholders present and eligible to vote at the Meeting (whether in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) are in favour of it.

## **4.5 Effect on the Company**

### **(a) Effect on capital structure and Shareholders**

Following the implementation of the Proposed Capital Return, the Company's capital will be reduced by approximately A\$3,963,278, however no Shares will be cancelled in connection with the Proposed Capital Return.

You will continue to hold all of your shares in the Company and your voting power in the Company will not be affected.

The entitlement of each Shareholder as at the Record Date to participate in the Proposed Capital Return will be calculated based on the number of Shares the Company has on issue as at the Record Date.

Following implementation of the Distribution, the Company's Shares are expected to be valued at a lower share price than the price immediately prior to the 'ex' date for the Distribution. This is directly due to the payment/return of funds to Shareholders and the decrease in cash held by the Company.

If the Proposed Capital Return does not proceed, then the issued capital of the Company will not change and there will be no corresponding decrease in the Company's share price.

### **(b) Effect on historical and pro forma financial position**

#### **(i) Basis of preparation**

This pro forma financial position has been prepared in accordance with general accepted accounting principles and the Corporations Act. The proforma financial position has been prepared on a historical cost basis and incorporating anticipated future cash flows. The proforma financial position is presented in Australian dollars.

(ii) Historical and pro forma consolidated statement of financial position

	<b>As at 31-Mar-2024 \$</b>	<b>Proforma Position \$</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	40,029,306	32,662,619
Receivables	290,183	290,183
<b>TOTAL CURRENT ASSETS</b>	<b>40,319,489</b>	<b>32,952,802</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	3,580	3,580
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,580</b>	<b>3,580</b>
<b>TOTAL ASSETS</b>	<b>40,323,69</b>	<b>32,956,382</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	175,024	175,024
Provisions	249,061	249,061
<b>TOTAL CURRENT LIABILITIES</b>	<b>424,085</b>	<b>424,085</b>
<b>TOTAL LIABILITIES</b>	<b>424,085</b>	<b>424,085</b>
<b>NET ASSETS</b>	<b>39,898,984</b>	<b>32,532,297</b>
<b>EQUITY</b>		
Issued capital	35,250,000	31,286,722
Reserves	1,244,958	1,244,958
Accumulated profit	3,404,026	617
<b>TOTAL EQUITY</b>	<b>39,898,984</b>	<b>32,532,297</b>

**(c) Effect on the Company's ability to pay its creditors**

As evidenced by the historical and pro forma statements of financial position presented above, the Company has, and following completion of the Proposed Capital Return will continue to have, a strong balance sheet.

The Company has concluded that the payment of the Proposed Capital Return will not materially prejudice the ability of the Company to continue to meet its payment obligations to creditors. Accordingly, the Directors consider that undertaking the Proposed Capital Return will not materially prejudice the Company's ability to pay its creditors.

**(d) Tax implications for the Company**

No adverse tax consequences are expected to arise for the Company from implementing the Proposed Capital Return.

The Company currently intends to pay the Special Dividend (but not the Proposed Capital Return) even if Resolution 3 is not approved.

**(e) Implications if not approved**

If the Proposed Capital Return is not approved, the Board intends to hold the surplus cash in reserve until such time as a new strategic investment opportunity or capital management initiative becomes available to the Company on terms which the Board considers are suitable for Danakali to pursue.

**(f) Conclusion**

Having regard to the analysis outlined above, the Board is satisfied and considers that implementing the Proposed Capital Return:

- will not materially prejudice Danakali's ability to pay its creditors;
- demonstrates the Company's commitment to maintaining a strong and efficient balance sheet; and
- will leave the Company well placed to pursue its strategic goals,

and therefore the Proposed Capital Return is in the best interests of the Company.

**4.6 Tax implications for Shareholders**

All legislative references contained in this section refer to the Income Tax Assessment Act 1997 unless otherwise stated.

Danakali has sought tax advice on the implications of the Special Dividend and Proposed Capital Return. The comments contained within this section will apply to you if you:

- are registered on the Danakali share register on 1 July 2024 (**Record Date**);
- hold your Danakali shares on capital account on the Record Date – that is, you did not hold your Danakali shares as trading stock (as defined in subsection 995-1(1)) or as revenue assets (as defined in section 977-50); and
- receive the unfranked Special Dividend of \$0.00924 and Capital Return of \$0.01076 per share on 8 July 2024 (**Payment Date**).

The comments contained within this section do not apply to anyone who is subject to the taxation of financial arrangements rules in Division 230 in relation to the Special Dividend or Proposed Capital Return.

The information included in this Section does not consider the individual circumstances of each individual Shareholder and it is important that Shareholders seek their own professional tax advice to take into account their particular circumstances.

**(a) Proposed Capital Return**

No part of the Proposed Capital Return should be a dividend as defined in subsection 6(1) of the Income Tax Assessment Act 1936 (ITAA 1936) as the entire amount of the Proposed Capital Return will be debited against an amount standing to the credit of Danakali's share capital account. Therefore, no part of the Proposed Capital Return is required to be included in your assessable income as a dividend under subsection 44(1) of the ITAA 1936.

**Shareholders holding shares at Record Date and Payment Date**

The Proposed Capital Return will trigger CGT event G1 for shareholders on the Payment Date when Danakali pays the Proposed Capital Return for each share owned on the Record Date and continued to be owned of the Payment Date.

A shareholder will make a capital gain when CGT event G1 happened if the Proposed Capital Return received exceeds the shares cost base. The capital gain is the difference, and the cost base and reduced cost base of the share is reduced to nil.

If the Proposed Capital Return received was equal to or less than the share's cost base, the cost base and reduced cost base of each share is reduced by the amount of the Proposed Capital Return.

### ***Shareholders holding shares at Record Date and not Payment Date***

If Shareholders cease to own a Share in respect of which the Proposed Capital Return was payable after the Record Date but before the date the Proposed Capital Return is paid, the right to receive the Proposed Capital Return in respect of that Share is retained and is a separate CGT asset from the Share.

A capital gain will arise under CGT event C2 if the capital proceeds from the ending of the right to receive the Proposed Capital Return is more than the cost base of the right.

In working out the capital gain when CGT event C2 happened the:

- Capital proceeds are equal to the amount of the Proposed Capital Return for each share you owned on the Record Date but ceased to own before the Payment Date; and
- Cost base of the right does not include the cost base or reduced cost base of the share that you previously owned, to the extent that it was applied in working out a capital gain or capital loss made when a CGT event happened to that share.

### ***Discount capital gain***

Shareholders may treat capital gains arising under CGT event G1 and C2 as a discount capital gain if the Shares were acquired at least 12 months before the date the Proposed Capital Return is paid 8 January 2024 provided the other conditions in Subdivision 115-A are satisfied.

Shareholders should seek their own independent advice on whether they qualify for the capital gain discount.

### ***Foreign Shareholders***

If you were a non-resident or the trustee of a foreign trust (for GCT purposes, as defined in subsection 995-1(1)) just before the Proposed Capital Return Payment Date, you disregard any capital gain made from the CGT event G1 or any capital gain or capital loss made from CGT event C2, unless you:

- have held your Danakali shares at any time in carrying on a business through a permanent establishment in Australia; or
- are an individual and your Danakali shares were covered by subsection 104-165(3) (choosing to disregard a capital gain or capital loss on ceasing to be an Australian resident).

Non-Australian resident Shareholders should seek advice in relation to the specific tax consequences arising from the Proposed Capital Return under the laws of their country of residence.

**(b) Special Dividend<sup>1</sup>**

The entire Special Dividend will be unfranked and declared to be paid entirely from conduit foreign income.

Australian tax resident Shareholders will include the Special Dividend as assessable income.

For non-Australian resident Shareholders, the Special Dividend will be non-assessable non-exempt income and will not be included as Australian assessable income. Foreign shareholders are also not liable to pay withholding tax in respect of the Special Dividend.

Non-Australian resident Shareholders should seek advice in relation to the specific tax consequences arising from the Special Dividend under the laws of their country of residence.

**4.7 Impact on securities held under the Company's incentive plans**

As at the date of this notice, the Company has on issue 10,000,000 unlisted Options over ordinary Shares. Optionholders would ordinarily be entitled to acquire shares in the Company if the Options are exercised.

Optionholders in the Company will not be eligible to participate in the Proposed Capital Return in respect of those securities, and it is not anticipated that there will be any change to the number of those securities on issue, or to the exercise price of the Options prior to the Record Date.

**4.8 Directors' interests**

The number of securities in which each Director has an interest as at the date of this notice is set out in the table below:

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<sup>1</sup> The payment of the Special Dividend is not the subject of a resolution at the Meeting. Details regarding the Special Dividend have been included in this Explanatory Statement to provide Shareholders with the full context in which the Company intends to undertake the Proposed Capital Return.

Director	Interests
<b>Seamus Ian Cornelius</b>	<u>Direct Holding</u> a) 3,654,097 fully paid ordinary shares b) 2,000,000 unlisted options (remuneration) at A\$0.367, expiring on 30/07/2025 <u>Indirect Holding</u> a) 2,106,000 fully paid ordinary shares b) 8,981,029 fully paid ordinary shares
<b>Taiwo Adeniji</b>	Nil
<b>Paul Donaldson</b>	<u>Direct Holding</u> a) 1,145,693 fully paid ordinary shares
<b>Jing Zhang</b>	Nil
<b>Jon Coates</b>	Nil

No Director will receive a payment or benefit of any kind as a result of the Distribution, other than as a securityholder of the Company.

#### 4.9 Prior notice to ASIC

As required by section 256C(5) of the Corporations Act, copies of the Notice of Meeting and this Explanatory Statement were lodged with ASIC before being sent to Shareholders.

#### 4.10 No other material information

Other than as set out in this Notice and information previously disclosed to Shareholders, there is no other information that is known to the Directors which may reasonably be considered material to a Shareholder's decision as to whether or not to vote in favour of Resolution 3 (Return of capital to Shareholders).

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## 5. RESOLUTION 4 – RE-INSERTION OF PROPORTIONAL TAKEOVER PROVISIONS

### 5.1 Background

Clause 30 of the Company's Constitution currently contains provisions dealing with proportional takeover bids for the Company's Shares. These provisions were inserted in the Company's Constitution which was adopted on 27 May 2019 and, in accordance with clause 30.9 of the Constitution, these provisions expired on 27 May 2022.

A proportional takeover bid occurs when a bidder offers to acquire only a proportion of each Shareholder's shares (e.g. 30% of each Shareholder's shares).

Under the Corporations Act, companies may include proportional takeover rules in their constitutions that enable Shareholders to vote on a proportional bid 'in-principle' before a proportional takeover bid is permitted to proceed.

The proportional takeover bid provisions are contained in clause 30 of the Constitution and are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company.

Under the Corporations Act, these provisions must be renewed every three years, or they will cease to have effect. When the provisions cease to apply, the

Constitution is altered by omitting the provisions (section 648G(3) of the Corporations Act). If re-inserted, the proposed proportional takeover provisions will be in exactly the same terms as the existing provisions and will have effect for a three-year period commencing on 31 May 2024.

Section 648G(5) of the Corporations Act requires that the following information be provided to Shareholders when they are considering the inclusion or renewal of proportional takeover provisions in a constitution.

## **5.2 Effect of the provisions to be re-inserted**

If the provisions are re-inserted, and a proportional takeover offer is made to Shareholders, the Board will be required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover offer. That meeting must be held at least 14 days before the offer under the proportional takeover bid closes.

The resolution shall be taken to have been passed if a majority of Shares voted at the meeting, excluding the Shares of the bidder and its associates, vote in favour of the resolution. If the resolution is rejected, then in accordance with the Corporations Act, the offer will be deemed to be withdrawn and transfers that would have resulted from acceptance of a bid will not be registered.

The Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on.

If no resolution is voted on before the end of the 14th day before the close of the offer, the resolution will be deemed to have been passed. Where the resolution approving the offer is passed or deemed to have been passed, transfers of shares resulting from accepting the offer will be registered provided they comply with the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the Constitution.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for three years after the date of adoption of the provisions. The provisions will cease to apply unless renewed at the end of 3 years after their adoption.

## **5.3 Reasons for the provisions to be re-inserted**

Without proportional takeover provisions, control of a target company may pass without Shareholders having the chance to sell all of their shares to the bidder. This means the bidder could take control of the target without paying an adequate premium, whilst potentially leaving shareholders with a minority interest. To deal with this, a company may provide in its constitution that if a proportional takeover bid is made for shares in that company, shareholders must vote on whether to accept or reject the offer and that decision will be binding on all shareholders.

By adopting the proportional takeover provisions, Shareholders will have an opportunity to reject a proportional takeover bid by voting on the proportional takeover offer resolution.

## **5.4 Present acquisition proposals**

As at the date of this Notice of Meeting, no Director is aware of a proposal by any person to acquire or to increase the extent of a substantial interest in the Company.

## **5.5 Review of proportional takeover provisions**

Clause 30 of the Company's Constitution was last in effect from 27 May 2019 to 27 May 2022. During that time, there were no proportional takeover bids made for the Company. Accordingly, there are no actual examples against which to assess the advantages or disadvantages of the proportional takeover provisions for the Directors and Shareholders of the Company.

The Directors are not aware of any potential proportional takeover bids that were discouraged by the proportional takeover provisions.

## **5.6 Potential advantages and disadvantages for Directors**

Adoption of the proportional takeover provisions enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Otherwise, the Directors consider that the renewal of clause 30 has no potential advantages or disadvantages for them in their capacity as Directors.

## **5.7 Potential advantages for Shareholders**

The potential advantages of adopting the proportional takeover provisions for Shareholders are:

- (a) Shareholders have the right to determine by majority vote whether a proportional takeover bid should proceed or not;
- (b) the provisions may help Shareholders avoid being locked in as a minority;
- (c) the provisions may give Shareholders increased bargaining power and ensure any potential bid is adequately priced; and
- (d) knowing the consensus of majority Shareholders may assist individual Shareholders in assessing the likely outcome of the takeover bid and whether to accept or reject an offer under the bid.

## **5.8 Potential disadvantages for Shareholders**

The potential disadvantages of the proportional takeover provisions for Shareholders are:

- (a) proportional takeover bids for Shares in the Company may be discouraged;
- (b) Shareholders may have reduced opportunities to sell all or some of their Shares at a premium to a potential bidder aiming to seek control of the Company, and any takeover speculation element in the Company's share price may be reduced;
- (c) the likelihood of a successful proportional takeover bid may be diminished; and
- (d) the provisions may be considered an additional restriction on the ability of individual Shareholders to deal freely in their Shares.

## **5.9 Directors' recommendation**

The Directors consider that the potential advantages for Shareholders of re-inserting the proportional takeover provisions outweigh the potential

disadvantages as Shareholders as a whole would be able to decide whether or not a proportional takeover bid is successful. The Directors further consider that re-inserting the takeover provisions would have no potential advantages or disadvantages for them in their capacity as Directors.

If this Resolution 4 is approved, the re-inserted proportional takeover provisions will take effect from the date of the Meeting.

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of 'closely related party' in the *Corporations Act*.

**CMSC** means Colluli Mining Share Company.

**Colluli Sale** means Danakali's sale of its 50% interest in CMSC to SRBG on 29 March 2023 as described in Section 4.2 of the Explanatory Statement.

**Company** means Danakali Ltd (ACN 097 904 302).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Distribution** means together, the Proposed Capital Return and the Special Dividend, as described in Section 4.1 of the Explanatory Statement.

**Equity Securities** includes a Share, a right to a Share or option, an option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or

if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the Listing Rules of ASX.

**Meeting** means the meeting convened by the Notice.

**Notice** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Optionholder** means a holder of an Option.

**Proxy Form** means the proxy form accompanying the Notice.

**Record Date** means 5.00pm (AWST) on Monday, 1 July 2024.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2023.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Special Dividend** means the unfranked conduit foreign income dividend with an aggregate value of approximately A\$3,403,409 to Shareholders (approximately A\$0.00924 per Share), as described in Section 4.1 of the Explanatory Statement.

**Spill Meeting** has the meaning given to it at Section 2.2.

**Spill Resolution** has the meaning given to it at Section 2.2.

**SRBG** means Sichuan Road and Bridge Group Co. Ltd

**WST** means Western Standard Time as observed in Perth, Western Australia.



**DANAKALI**  
**Danakali Limited**  
 ABN 56 097 904 302



DNK

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**  
 1300 850 505 (within Australia)  
 +61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AWST) on Wednesday, 29 May 2024.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain boxes or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### PARTICIPATING IN THE MEETING

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Change your Proxy Form:

XX

### Online

Change your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**  
**SRN/HIN: I9999999999**  
**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
 GPO Box 242  
 Melbourne VIC 3001  
 Australia

### By Fax:

1800 783 447 within Australia or  
 +61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Danakali Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Danakali Limited to be held at Suite 1, Level 14, 221 St Georges Terrace, Perth, WA 6000 on Friday, 31 May 2024 at 10:00am (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention in step 2) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director - Jon Coates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Return of Capital to Shareholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-insertion of Proportionate Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
Sole Director & Sole Company Secretary Director Director/Company Secretary Date

### Update your communication details (Optional)

Mobile Number  Email Address   
By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

