



DANAKALI

ABN 56 097 904 302

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting

13 May 2016

Time of Meeting

10:00 am

Place of Meeting

Professional Public Relations (PPR)

Level 2, 1 Altona Street

WEST PERTH WA 6005

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

*The **31 December 2015 Annual Report** may be viewed on the Company's website at www.danakali.com*

DANAKALI LTD

ACN 56 097 904 302

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Danakali Limited (**Company**) will be held at Professional Public Relations (PPR), Level 2, 1 Altona Street, West Perth, Western Australia on 13 May 2016 at 10:00am for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

Business

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the glossary contained in the Explanatory Memorandum.

Annual Accounts

To receive and consider the financial report of the Company for the financial year ended 31 December 2015, together with the Directors' report and the auditor's report as set out in the 31 December 2015 Annual Report.

Resolution 1 – Adoption of Remuneration Report

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

"That, for the purposes of Section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 31 December 2015 Annual Report be and is hereby adopted."

Short Explanation: Section 250R of the Corporations Act requires a listed company to put to Shareholders at each AGM a resolution adopting the report on the remuneration of the Company's Directors, executives and senior managers included in the Company's Annual Report. The above Resolution is being proposed to comply with this requirement. The vote on this Resolution is advisory only and neither binds the Company's Directors nor the Company. A reasonable opportunity will be provided to Shareholders for discussion of the Remuneration Report at the AGM.

Voting Exclusion Statement: The Company will, in accordance with the Corporations Act, disregard any votes cast on Resolution 1 (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member. However, the Company will not disregard a vote if it is cast by such a person as a proxy if the vote is not cast on behalf of such a person and either the voter is appointed as a proxy by writing that specifies how that voter is to vote on Resolution 1 or the voter is the chair of the Meeting and the appointment of the chair as proxy does not specify the way the proxy is to vote on this Resolution and expressly authorises the chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 1; or
- (b) the proxy is the chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the chair intends to vote any undirected proxies in favour of Resolution 1.

Shareholders may also choose to direct the chair to vote against Resolution 1 or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 2 – Re-election of Mr Seamus Ian Cornelius as a Director

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

"That Mr Seamus Ian Cornelius, having retired as a Director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election, be re-elected a Director of the Company."

Short Explanation: Pursuant to the Company's Constitution, one-third of the Directors of the Company (other than the Managing Director) must retire at each AGM and, being eligible, may offer themselves for re-election at that AGM.

Resolution 3 – Ratification of issue of part of Tranche 1 Placement

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

"That, for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 5,722,464 Shares each at an issue price of \$0.22 and 11,635,232 unlisted options (Options) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 3 by any person who participated in the issue the subject of Resolution 3 and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 – Participation of Mr Seamus Ian Cornelius, a director, in issue of Tranche 2 Placement

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

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Mr Seamus Ian Cornelius or his nominee(s), may participate in the issue of 250,000 Shares each at an issue price of \$0.22 and 125,000 Options (Tranche 2 Placement) on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 4 by Mr Seamus Ian Cornelius or his nominee and any Associate of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 4 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 4; or
- (b) the proxy is the chair of the Meeting and the appointment expressly authorises the chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the chair intends to vote any undirected proxies in favour of Resolution 4.

Shareholders may also choose to direct the chair to vote against Resolution 4 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 5 – Participation of Mr Paul Michael Donaldson, a director, in issue of Tranche 2 Placement

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

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Mr Paul Michael Donaldson or his nominee(s), may participate in the issue of 100,000 Shares each at an issue price of \$0.22 and 50,000 Options (Tranche 2 Placement) on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 5 by Mr Paul Michael Donaldson or his nominee and any Associate of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5; or

(b) the proxy is the chair of the Meeting and the appointment expressly authorises the chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the chair intends to vote any undirected proxies in favour of Resolution 5.

Shareholders may also choose to direct the chair to vote against Resolution 5 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 6 – Participation of Mr Anthony William Kiernan, a director, in issue of Tranche 2 Placement

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Mr Anthony William Kiernan or his nominee(s), may participate in the issue of 100,000 Shares each at an issue price of \$0.22 and 50,000 Options (Tranche 2 Placement) on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum).”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 6 by Mr Anthony William Kiernan or his nominee and any Associate of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 6 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 6; or
- (b) the proxy is the chair of the Meeting and the appointment expressly authorises the chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the chair intends to vote any undirected proxies in favour of Resolution 6.

Shareholders may also choose to direct the chair to vote against Resolution 6 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 7 – Participation of Mr Liam Raymond Cornelius, a director, in issue of Tranche 2 Placement

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Mr Liam Raymond Cornelius or his nominee(s), may participate in the issue of 1,000,000 Shares each at an issue price of \$0.22 and 500,000 Options (Tranche 2 Placement) on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum).”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 7 by Mr Liam Raymond Cornelius or his nominee and any Associate of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 7 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 7; or
- (b) the proxy is the chair of the Meeting and the appointment expressly authorises the chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the chair intends to vote any undirected proxies in favour of Resolution 7.

Shareholders may also choose to direct the chair to vote against Resolution 7 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 8 – Participation of Mr John Daniel Fitzgerald, a director, in issue of Tranche 2 Placement

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Mr John Daniel Fitzgerald, each a Director, or his nominee(s), may participate in the issue of 150,000 Shares each at an issue price of \$0.22 and 75,000 Options (Tranche 2 Placement) on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum).”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 8 by Mr John Daniel Fitzgerald or his nominee and any Associate of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 8 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 8; or
- (b) the proxy is the chair of the Meeting and the appointment expressly authorises the chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the chair intends to vote any undirected proxies in favour of Resolution 8.

Shareholders may also choose to direct the chair to vote against Resolution 8 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 9 – Issue of Remuneration Options to Mr Seamus Ian Cornelius

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

“That for the purposes of Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 500,000 Remuneration Options to Mr Seamus Ian Cornelius or his nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum).”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 9 by Mr Seamus Ian Cornelius or his nominee and any Associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 9 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 9; or
- (b) the proxy is the chair of the Meeting and the appointment expressly authorises the chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the chair intends to vote any undirected proxies in favour of Resolution 9.

Shareholders may also choose to direct the chair to vote against Resolution 9 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 10 – Issue of Remuneration Options to Mr Paul Michael Donaldson

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

“That for the purposes of Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 500,000 Remuneration Options to Mr Paul Michael Donaldson or his nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum).”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 10 by Mr Paul Michael Donaldson or his nominee and any Associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 10 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 10; or
- (b) the proxy is the chair of the Meeting and the appointment expressly authorises the chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the chair intends to vote any undirected proxies in favour of Resolution 10.

Shareholders may also choose to direct the chair to vote against Resolution 10 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 11 – Issue of Remuneration Options to Mr Anthony William Kiernan

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

“That for the purposes of Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 400,000 Remuneration Options to Mr Anthony William Kiernan or his nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum)”.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 11 by Mr Anthony William Kiernan or his nominee and any Associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 11 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 11; or
- (b) the proxy is the chair of the Meeting and the appointment expressly authorises the chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the chair intends to vote any undirected proxies in favour of Resolution 11.

Shareholders may also choose to direct the chair to vote against Resolution 11 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 12 – Issue of Remuneration Options to Mr Liam Raymond Cornelius

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

“That for the purposes of Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 400,000 Remuneration Options to Mr Liam Raymond Cornelius or his nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum)”.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 12 by Mr Liam Raymond Cornelius or his nominee and any Associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 12 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 12; or
- (b) the proxy is the chair of the Meeting and the appointment expressly authorises the chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the chair intends to vote any undirected proxies in favour of Resolution 12.

Shareholders may also choose to direct the chair to vote against Resolution 12 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 13 – Issue of Remuneration Options to Mr John Daniel Fitzgerald

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

“That for the purposes of Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 400,000 Remuneration Options to Mr John Daniel Fitzgerald or his nominee, on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum)”.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 13 by Mr John Daniel Fitzgerald or his nominee and any Associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 13 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 13; or
- (b) the proxy is the chair of the Meeting and the appointment expressly authorises the chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the chair intends to vote any undirected proxies in favour of Resolution 13.

Shareholders may also choose to direct the chair to vote against Resolution 13 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 14 – Approval of 10% Placement Facility

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

“That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 14 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person who is an Associate of those persons.

However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

OTHER BUSINESS

By order of the Board



Chris Els
Company Secretary
Date: 13 April 2016

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Company determines that a person's entitlement to vote at the AGM will be the entitlement of that person set out in the Register of Shareholders as at 5:00 pm WST time on 11 May 2016.

HOW TO VOTE

Voting in person or by attorney

A shareholder that is an individual may attend and vote in person at the meeting. If you wish to attend the meeting, please bring the enclosed proxy form to the meeting to assist in registering your attendance and number of votes. Please arrive 20 minutes prior to the start of the meeting to facilitate this registration process.

To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

Voting by corporate representative

A shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the Corporations Act 2001 (Cth) ("**Corporations Act**"). The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. The appropriate "Appointment of Corporate Representative" form should be completed and produced prior to admission to the meeting. This form may be obtained from the Company's share registry.

Voting by proxy

If you do not wish to attend the meeting, you may appoint a proxy to attend and vote on your behalf. A body corporate may also appoint a proxy. A proxy need not be a shareholder. If a representative of a corporate proxy is to attend the meeting, you must ensure that the appointment of the representative is in accordance with section 250D of the Corporations Act. The corporate representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. A form of the certificate may be obtained from the Company's share registry.

You are entitled to appoint up to 2 proxies to attend the meeting and vote on your behalf and may specify the proportion or number of votes that each proxy is entitled to exercise. If you do not specify the proportion or number of votes that each proxy is entitled to exercise, each proxy may exercise half of the votes. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry or you may copy the enclosed proxy form. To appoint a second proxy, you must follow the instructions on the proxy form.

If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.

Sections 250BB and 250BC of the Corporations Act took effect on 1 August 2011 and apply to voting by proxy. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this meeting. Broadly, the changes mean 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 chairman of the Meeting, who must vote the proxies as directed.

If the proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on that resolution on a show of hands.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer duly authorised.

The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. If facsimile transmission is used, the Power of Attorney must be certified.

To be valid, your proxy form (and an original or certified copy of any power of attorney or other authority under which it is signed) must be received at an address given below by 10am (WST) on 11 May 2016. Any proxy form received after that time will not be valid for the scheduled meeting.

Online	At www.investorvote.com.au
By mail	Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
By fax	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
By mobile	Scan the QR Code on your proxy form and follow the prompts
Custodian voting	For Intermediary Online subscribers only (custodians) please visit: www.intermediaryonline.com to submit your voting intentions

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of Danakali Limited ABN 56 097 904 302 (**Company**) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at Professional Public Relations (PPR), Level 2, 1 Altona Street, West Perth, Western Australia, on 13 May 2016 commencing at 10:00 am.

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying notice.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in this Explanatory Memorandum.

At the AGM, Shareholders will be asked to consider the following Resolutions:

- adoption of the Remuneration Report;
- re-election of Mr Seamus Ian Cornelius as a Director;
- ratification of issue of part of Tranche 1 Placement;
- participation of Mr Seamus Ian Cornelius, a director, in issue of Tranche 2 Placement;
- participation of Mr Paul Michael Donaldson, a director, in issue of Tranche 2 Placement;
- participation of Mr Anthony William Kiernan, a director, in issue of Tranche 2 Placement;
- participation of Mr Liam Raymond Cornelius, a director, in issue of Tranche 2 Placement;
- participation of Mr John Daniel Fitzgerald, a director, in issue of Tranche 2 Placement;
- issue of Remuneration Options to Mr Seamus Ian Cornelius;
- issue of Remuneration Options to Mr Paul Michael Donaldson;
- issue of Remuneration Options to Mr Anthony William Kiernan;
- issue of Remuneration Options to Mr Liam Raymond Cornelius;
- issue of Remuneration Options to Mr John Daniel Fitzgerald; and
- approval of 10% Placement Facility.

Financial Reports

The first item of the Notice deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 31 December 2015, together with the Directors' declaration and report in relation to that financial year and the Auditor's Report on the financial report. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the management of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

1. Resolution 1 – Adoption of Remuneration Report

1.1 Introduction

As required by the Corporations Act, the Board is putting to its Shareholders a resolution that the Remuneration Report as disclosed in the Company's 2015 Annual Report be adopted.

The Remuneration Report contains:

- (a) information about the Board's policy for determining the nature and amount of remuneration of the Directors and senior executives of the Company;
- (b) a description of the relationship between the Company's remuneration policy and the Company's performance;
- (c) a summary of performance conditions for each of the Directors and senior executives, including a summary of why they were chosen and how performance is measured against them; and
- (d) remuneration details for each Director and for each of the Company's specified executives and any service agreements and sets out the details of any equity based compensation.

The Remuneration Report, which is part of the Annual Report, has been sent to Shareholders who have made an election to receive the Annual Report. Copies of the Annual Report are available by contacting the Company's share register or visiting the Company's web site www.danakali.com

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second Annual General Meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second Annual General Meeting. All of the Directors who were in office when the applicable Directors' Report was approved, other than the Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

The Remuneration Report for the financial year ended 31 December 2014 did not receive a vote of more than 25% against its adoption at the Company's last general meeting held on 29 May 2015. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

The Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice. Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

2. Resolution 2 – Re-election of Mr Seamus Ian Cornelius as a Director

2.1 Introduction

Mr Seamus Ian Cornelius was appointed as a Director and Chairman on 15 July 2013.

In accordance with Listing Rule 14.4, no Director of the Company may hold office (without re-election) past the third AGM following the Director's appointment or 3 years, whichever period is longer. The Company's Constitution also requires that one third of the Company's Directors must retire at each AGM. Accordingly, Mr Cornelius will retire by rotation and, being eligible, offers himself for re-election.

Resolution 3 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

2.2 Director's Biography

Mr Cornelius is a corporate lawyer and former partner of one of Australia's leading international law firms. He specialised in cross-border transactions, particularly in the resources sector.

Mr Cornelius has been based in Shanghai and Beijing since 1993 and brings more than 20 years of corporate experience in legal and commercial negotiations. He has also advised global companies on their investments in China and in recent years advised Chinese State-owned entities on their investments in overseas resource projects.

Mr Cornelius is currently the Non-Executive Chairman of Buxton Resources Ltd since 29 November 2010, Non-Executive Chairman of Montezuma Mining Company Ltd since 30 June 2011, and Non-Executive Chairman of Duketon Mining Ltd since 8 February 2013. There have been no other directorships in the past 3 years.

2.3 Directors' Recommendation

All the Directors except Mr Cornelius recommend that Shareholders vote in favour of Resolution 2.

3. Resolution 3 – Ratification of issue of part of Tranche 1 Placement

3.1 Introduction

On 30 March 2016 the Company issued 23,270,464 Shares at an issue price of \$0.22 each and 11,635,232 unlisted options with an exercise price of \$0.35 expiring 2 years from the date of issue (**Options**) (**Tranche 1 Placement**) to sophisticated and institutional investors.

The funds raised from the issue of the Tranche 1 Placement will be used by the Company for commencement of front end engineering and design work, initiating mine contract tendering process, completion of mining approvals process, securing offtake agreements and further strategic relationships, securing project funding (debt/equity), transaction costs and corporate overheads

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Part of the Tranche 1 Placement, being 5,722,464 Shares and 11,635,232 Options, was issued within the Company's 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval. The remainder of the Tranche 1 Placement was issued under the Company's Listing Rule 7.1A capacity.

Listing Rule 7.4 permits the ratification by a company in a general meeting of a previous issue of securities made pursuant to Listing Rule 7.1 and without shareholder approval (and provided that the previous issue did not breach Listing Rule 7.1).

Resolution 3 seeks Shareholder approval for the ratification of the issue of 5,722,464 Shares and 11,635,232 Options pursuant to Listing Rule 7.4. The effect of Shareholders passing Resolution 3 will be to partly restore the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months, without obtaining prior Shareholder approval.

Resolution 3 is an ordinary resolution.

3.2 Information required by Listing Rule 7.5

For the purposes of Listing Rule 7.5 information regarding the Tranche 1 Placement is provided as follows:

- (a) 23,270,464 Shares and 11,635,232 Options were issued pursuant to the Tranche 1 Placement, of which 5,722,464 Shares and 11,635,232 Options were issued under the Company's Listing Rule 7.1 capacity;
- (b) The Shares were issued at \$0.22 each and the Options were issued for no consideration. The terms of the Options are set out in Annexure A;
- (c) The Tranche 1 Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) The Options are exercisable at \$0.35 each, expiring on 30 March 2018;
- (e) Tranche 1 Placement Shares and Options were issued to sophisticated and institutional investors (who are not related parties of the Company); and
- (f) The funds raised from the issue of the Tranche 1 Placement will be used by the Company for commencement of front end engineering and design work, initiating mine contract tendering process, completion of mining approvals process, securing offtake agreements and further strategic relationships, securing project funding (debt/equity), transaction costs and corporate overheads.

A voting exclusion statement is included in the Notice.

4. Resolutions 4 to 8 – Participation of Mr Seamus Ian Cornelius, Mr Paul Michael Donaldson, Mr Anthony William Kiernan, Mr Liam Raymond Cornelius and Mr John Daniel Fitzgerald, Directors, in the issue of Tranche 2 Placement

4.1 Introduction

On 21 March 2016 the Company announced that the Company's Directors have committed to purchase up to 1,600,000 Shares each at an issue price of \$0.22 and 800,000 Options (**Tranche 2 Placement**) as part of the Placement, subject to shareholder approval.

The Directors have committed to participate in the Tranche 2 Placement as indicated below. The impact of passing Resolutions 4 to 8 on the Directors' voting power in the Company, assuming they receive the full Tranche 2 Placement of Shares and Options as indicated, is also set out in the following table (ignoring the impact of any following Resolutions):

Director or nominee(s)	Number of Shares	Consideration for Shares	Number of Options	Increase in percentage of voting power in the Company on an undiluted basis ¹	Increase in percentage of voting power in the Company on a fully diluted basis ²
Seamus Ian Cornelius	250,000	\$55,000	125,000	0.17%	0.16%
Paul Michael Donaldson	100,000	\$22,000	50,000	0.07%	0.07%
Anthony William Kiernan	100,000	22,000	50,000	0.07%	0.07%
Liam Raymond Cornelius	1,000,000	\$220,000	500,000	0.66%	0.66%
John Daniel Fitzgerald	150,000	\$33,000	75,000	0.10%	0.10%
Total	1,600,000	\$352,000	800,000	1.06%	1.05%

The funds raised from the issue of the Tranche 2 Placement will be used by the Company for commencement of front end engineering and design work, initiating mine contract tendering process, completion of mining approvals process, securing offtake agreements and further strategic relationships, securing project funding (debt/equity), transaction costs and corporate overheads.

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by **ordinary resolution** prior to the issue of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the issue of Tranche 2 Placement securities to Directors or their nominee(s). If shareholder approval is obtained for the of Tranche 2 Placement securities under Listing Rule 10.11, shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in the 15% annual limit permitted by Listing Rule 7.1 of the number of equity securities that can be issued without shareholder approval.

Resolutions 4 to 8 seeks Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes to allow the Directors to participate in the proposed placement by permitting them or their nominee(s) to subscribe for up to 1,600,000 Shares and 800,000 Options, as indicated above, in addition to the Tranche 1 Placement issued to unrelated parties, as detailed above. The Directors' participation will be on the same terms as the placement made to the unrelated parties.

The following further information is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) The securities the subject of Resolutions 4 to 8 are being issued to the Directors indicated above or their nominee(s);

¹ The figure represents the increase in percentage of voting power in the Company each Director would receive assuming only their respective shares and options under the Tranche 2 Placement were issued (and their options exercised) and all other options and performance rights of the Company were converted into fully paid ordinary shares of the Company. The total number of all current equity securities issued by the Company is 225,985,863.

² The figure represents the increase in percentage of voting power in the Company each Director would receive as a result of the Tranche 2 Placement of shares and options being issued (and assuming each of the Director's options were exercised and all other options and performance rights of the Company were converted into fully paid ordinary shares of the Company).

- (b) the maximum number of Shares and Options the Company to be issued are 1,600,000 Shares and 800,000 Options;
- (c) the Company will issue the Shares and Options within one month of the date of Meeting (or such later date as approved by ASX);
- (d) the issue price of the Shares is \$0.22 each, the Options are issued for nil consideration. The terms of the Options are set out in Annexure A;
- (e) the Shares to be issued are fully paid ordinary shares which rank equally in all respects with existing Shares and the Options have an exercise price of \$0.35 and expire 2 years from the date of issue; and
- (f) the funds raised will be used for commencement of front end engineering and design work, initiating mine contract tendering process, completion of mining approvals process, securing offtake agreements and further strategic relationships, securing project funding(debt/equity), transaction costs and corporate overheads.

If approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1.

A voting exclusion statement is included in the Notice.

5. Resolutions 9 to 13 – Issue of Remuneration Options to Mr Seamus Ian Cornelius, Mr Paul Michael Donaldson, Mr Anthony William Kiernan, Mr Liam Raymond Cornelius and Mr John Daniel Fitzgerald

5.1 Introduction

The Company proposes to issue 2,200,000 Remuneration Options to the Directors or their nominee(s) as follows:

Director or nominee(s)	Number of Remuneration Options
Seamus Ian Cornelius	500,000
Paul Michael Donaldson	500,000
Anthony William Kiernan	400,000
Liam Raymond Cornelius	400,000
John Daniel Fitzgerald	400,000
Total	2,200,000

Each Remuneration Option will be granted for no monetary consideration and their exercise price will be the higher of \$0.35 or 1.43 times the VWAP of the Shares over the thirty Trading Days immediately prior to the issue of the Remuneration Options and they expire on 13 May 2018. The Company will announce the exercise price of the Remuneration Options to ASX once it has been calculated. The Options will be unlisted.

The valuation of the 2,200,000 Remuneration Options is \$202,400. See Annexure C for details.

The full terms of the Remuneration Options are included in Annexure B.

The proposed issue of securities to the Directors or their nominee(s) requires Shareholder approval under Listing Rules.

5.2 Requirement for Shareholder approval

Chapter 2E of the Corporations Act

The Directors are related parties of the Company, and the issue of the Remuneration Options to them or their nominee(s) constitutes the provision of a financial benefit for the purposes of Chapter 2E of the Corporations Act.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

The Directors have determined that the issue is reasonable remuneration for the purposes of Chapter 2E and therefore, Shareholder approval for the purposes of the related party provisions set out in Chapter 2E of the Corporations Act is not required.

Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by **ordinary resolution** prior to the issue of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the grant of Remuneration Options to the Directors or their nominee(s). If shareholder approval is obtained for the Remuneration Options under Listing Rule 10.11, shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in the 15% annual limit permitted by Listing Rule 7.1 of the number of equity securities that can be issued without shareholder approval.

5.3 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue of Remuneration Options to the Directors or their nominee(s):

- (a) The securities, subject to Resolutions 9 to 13, will be issued to the Directors of the Company as indicated above or their nominee(s);
- (b) The maximum number of securities to be issued is 2,200,000 Remuneration Options;
- (c) The Remuneration Options will be issued no later than 1 month after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date;
- (d) The Remuneration Options will be issued for nil cash consideration and will be unlisted. The terms of the issue are set out in Annexure B;
- (e) A voting exclusion statement is included in the Notice;
- (f) No funds will be raised from the issue. The funds raised if the Remuneration Options are exercised will be used for general working capital.

6. Resolution 14 – Approval of 10% Placement Facility**6.1 General**

The Company seeks Shareholder approval to issue Equity Securities up to 10% of its issued share capital over a 12 month period following shareholder approval (**10% Placement Facility**).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 6.3(a) below). The Equity Securities may be issued for the following purposes:

- (i) to raise funds, in which case the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and expenditure on the Company's current assets and/or general working capital; or
- (ii) in consideration of the acquisition of new resources assets and investments, in which case the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

6.2 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 14. This will allow the Company to issue securities and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

6.3 Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period following the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by way of a special resolution. The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1.A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less.

The Company has a market capitalisation of \$43,789,379 as at 11 April 2016 and therefore the Company is an eligible entity for the purposes of Listing Rule 7.1.A.

The effect of Resolution 14 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the 10% Placement Facility is a moving calculation and will be based the following formula:

(a) Maximum number of Equity Securities which may be issued

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$\text{Number of Equity Securities} = (A \times D) - E$

"A" the number of shares on issue 12 months before the date of issue or agreement:

- A. plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- B. plus the number of partly paid shares that become fully paid in the 12 months;
- C. plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- D. less the number of fully paid shares cancelled in the 12 months.

"D" is 10%

"E" is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

As at the date of this Notice, the Company has 199,042,631 Shares on issue. As a result, based on the number of Shares on issue at the date of this Notice, the Company has capacity to issue:

- (i) 29,856,394 Equity Securities under Listing Rule 7.1; and
- (ii) 19,904,263 Equity Securities under Listing Rule 7.1A, subject to Shareholder approval being obtained under Resolution 14.

(b) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in the relevant class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in section (i) above, the date on which the Equity Securities are issued.

6.4 Specific information required by Listing Rule 7.3A

For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in the relevant class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in section (i) above, the date on which the Equity Securities are issued.
- (b) There is a risk of economic and voting dilution to existing Shareholders in issuing Equity Securities under the 10% Placement Facility, if it is approved by Shareholders, including the risks that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than when Shareholders approve the 10% Placement Facility; and
 - (ii) the equity securities may be issued at a price that is at a discount to the market price for those securities on the issue date or as consideration (or part thereof) for the acquisition of a new asset, both of which may have an effect on the amount of funds raised by the issue of Equity Securities under the 10% Placement Facility.

Following is a table that sets out the potential dilution of existing Shareholders if Equity Securities are issued under the 10% Placement Facility:

Variable "A" in Listing Rule 7.1A.2	Number of Shares issued and funds raised under the 10% Placement Facility and dilution effect	Dilution		
		\$0.11 50% decrease in Issue Price from current market price	\$0.22 Issue Price at current market price	\$0.44 100% increase in Issue Price from current market price
Current Variable A 199,042,631 Shares	Shares Issued	19,904,263	19,904,263	19,904,263
	Funds Raised	\$2,189,469	\$4,378,938	\$8,757,876
	Dilution	10%	10%	10%
50% increase in current Variable A 298,563,947 Shares	Shares Issued	29,856,395	29,856,395	29,856,395
	Funds Raised	\$3,284,203	\$6,568,406	\$13,136,812
	Dilution	10%	10%	10%
100% increase in current Variable A 398,085,262 Shares	Shares Issued	39,808,526	39,808,526	39,808,526
	Funds Raised	\$4,378,938	\$8,757,876	\$17,515,752
	Dilution	10%	10%	10%

The table has been prepared on the following assumptions:

- (i) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) The Company has no listed options that may be exercised into Shares before the date of the issue of the Equity Securities and no options are exercised before the date of the issue of Equity Securities;
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

- (iv) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

- (v) None of the other securities contemplated by this Notice are issued.

The current market price used is \$0.22 being the closing price of the Shares on ASX on 11 April 2016. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Approval of the 10% Placement Facility will be valid during the period (**Additional Placement Period**) from the date of the Meeting and will expire on the earlier of the date that is 12 months after the date of the Meeting and the date that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

- (c) The Equity Securities may be issued for the following purposes:

- (i) to raise funds, in which case the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and expenditure on the Company's current assets and/or general working capital; or
- (ii) in consideration of the acquisition of new resources assets and investments, in which case the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (d) The Company is yet to identify the persons to whom Equity Securities will be issued to under the 10% Placement Facility. The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:

- (i) The fundraising methods available to the Company, including but not limited to, rights issue or other issue which may minimise dilution to Shareholders.
- (ii) In the case of an asset or investment acquisition, the nature and circumstances of the acquisition.
- (iii) The effect of the issue of the Equity Securities on the control of the Company.
- (iv) The financial situation and solvency of the Company.
- (v) Advice from corporate, financial and broking advisers (if applicable).

The subscribers may include vendors (in the case of any issue for non-cash consideration), existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (e) The Company previously obtained Shareholder approval under Listing Rule 7.1A on 29 May 2015.
- (f) The total number of Equity Securities issued in the 12 months preceding the date of the Meeting is 52,480,863 representing 27.52% of the total number of Equity Securities on issue at the commencement of that 12 month period.
- (g) The details of all issues of Equity Securities by the Company during the 12 months preceding the date of the Meeting is set out in Annexure D.
- (h) A voting exclusion statement is included in the Notice.
- (i) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities, and no existing Shareholder's votes will be excluded under the voting exclusion in the Notice.

Resolution 14 is a **special resolution**, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

Associate	has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is the “designated body” for the purposes of that section. A related party of a director or officer of the Company or of a child entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established.
ASX	means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
Board	means the board of Directors of the Company.
Business Day	means a day in Perth, Western Australia on which ASX is open for trading in securities and banks are open for general banking business.
Closely Related Party	has the same meaning as defined in Section 9 of the Corporations Act.
Company or DNK	means Danakali Limited ABN 56 097 904 302.
Constitution	means the Constitution of the Company as adopted by Shareholders from time to time.
Corporations Act	means Corporations Act 2001 (Cth).
Director	means a director of the Company.
Explanatory Memorandum	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
Equity Securities	has the same meaning given in the Listing Rules.
Key Management Personnel	has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Listing Rules	means the listing rules of ASX.
Meeting or AGM	means the Annual General Meeting of the Company the subject of this Notice.
Notice or Notice of Annual General Meeting	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
Option	means an unlisted option to acquire an ordinary fully paid share in the capital of the Company with an exercise price of \$0.35 expiring 2 years from the date of issue.
Placement	means the placement described in more detail in sections 3.1 and 4.1.
Proxy Form	means the proxy form attached to this Notice.
Related Party	has the meaning given in the Corporations Act.
Remuneration Option	means options issued on the terms outlined in Annexure B.

Remuneration Report	means the remuneration report of the Company included in the Directors' Report section of the Company's 2015 Annual Report.
Resolution	means a resolution contained in the Notice.
Restricted Voter	means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.
Tranche 1 Placement	means the placement described in more detail in section 3.1.
Tranche 2 Placement	means the placement described in more detail in section 4.1.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a Share.
Trading Day	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
VWAP	means volume weighted average price.

ANNEXURE A

TERMS AND CONDITIONS OF UNLISTED OPTIONS

The Unlisted Options (**Options**) are to be issued on the following terms:

- (a) Each Option shall be issued for no consideration.
- (b) Each Option entitles the holder to subscribe for one Share in the Company upon the payment of the exercise price being AUD \$0.35 each (**Exercise Price**).
- (c) The Options will lapse at 5.00 pm, Western Standard Time on 30 March 2018 (**Expiry Date**).
- (d) The Options are transferrable.
- (e) An Option holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised;
 - (ii) the Option certificate in respect of the Options being exercised; and
 - (iii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised, (**Exercise Notice**).
- (f) All Shares issued upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares on issue at that time.
- (g) There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
- (h) Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options.
- (i) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (j) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (k) If there is a bonus share issue (**Bonus Issue**) to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- (l) The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.

ANNEXURE B

TERMS AND CONDITIONS OF REMUNERATION OPTIONS

The Remuneration Options are to be issued on the following terms:

- (a) Each Option shall be issued for no consideration.
- (b) Each Option entitles the holder to subscribe for one Share in the Company upon the payment of the exercise price being the higher of \$0.35 or 143% of the VWAP of the fully paid ordinary shares of the Company on the thirty days prior to the date of Shareholder approval per Share subscribed for.
- (c) The Option will lapse at 5.00 pm, Western Standard Time on 13 May 2018 (**Expiry Date**).
- (d) The Options are transferrable.
- (e) The Options will vest on date of issue.
- (f) An Option holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised;
 - (ii) the Option certificate in respect of the Options being exercised; and
 - (iii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised, (**Exercise Notice**).
- (g) All Shares issued upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares on issue at that time.
- (h) There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
- (i) Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options.
- (j) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (k) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (l) If there is a bonus share issue (Bonus Issue) to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- (m) The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.

ANNEXURE C

REMUNERATION OPTION VALUATION DETAILS

The Remuneration Options were valued using the Black and Scholes Option Valuation Methodology on 11 April 2016.

Details	Input
Share price	\$0.22 being the closing price on 11 April 2016
Exercise Price	The higher of \$0.35 or 143% of the VWAP of the fully paid ordinary shares of the Company on the thirty days prior to the date of Shareholder approval per Share subscribed. For purposes of this valuation the exercise price of \$0.35 has been used.
Risk Free Rate (RBA Cash Rate)	1.857% (based on indicative mid rates of selected Australian Government Securities)
Volatility (Annualised)	100% (as determined from the daily movements in Share price over the last 12 months, adjusted for abnormal trading)
Start Date	13 May 2016
Expiry Date	13 May 2018
Dividend yield	0%
Value per Option	\$0.092

ANNEXURE D

INFORMATION REQUIRED BY LISTING RULE 7.3A.6

	Issue 1	Issue 2	Issue 3	Issue 4	Issue 5
Date of issue:	26 May 2015	29 May 2016	29 May 2015	5 October 2015	5 October 2015
Number issued:	7,336,337	6,063,830	750,000	150,000	600,000
Class/Type of equity security:	Ordinary Shares	Ordinary Shares	Unlisted options	Ordinary Shares	Unlisted options
Summary of terms:	Ordinary Shares	Ordinary Shares	Exercise price \$0.527 and expiry date 29 May 2018. Unlisted options approved by shareholders at AGM held on 29 May 2015.	Ordinary Shares	Exercise price \$0.55 and expiry date 31 May 2018. Unlisted options issued to advisors as consideration for services.
Names of persons who received securities or basis on which those persons was determined:	Eligible shareholders at the record date of 6 May 2015.	Shortfall shares of the Rights Issue to Montezuma Mining Company Ltd and RSR Premier Holdings (as underwriters of the Rights Issue).	John Fitzgerald	James Durrant	Arlington Group Asset Management Group Ltd.
Price:	\$0.25	\$0.25	Nil	Nil	Nil
Discount to market price (if any):	Discount of 33.3% to the closing price on the date of issue (26 May 2015) being \$0.375.	Discount of 34.2% to the closing price on the date of issue (29 May 2015) being \$0.380.	N/A	N/A	N/A
For cash issues					
Total cash consideration received:	\$1,834,084	\$1,515,957	N/A	N/A	N/A
Amount of cash consideration spent:	\$1,834,084	\$1,515,957	N/A	N/A	N/A

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	Issue 1	Issue 2	Issue 3	Issue 4	Issue 5
Use of cash consideration:	Completion of definitive feasibility work for the Colluli Potash project (Project), development of additional in house capabilities to support the development of the Project, advancement of funding discussions for the Project, and corporate overheads.	Completion of definitive feasibility work for the Project, development of additional in house capabilities to support the development of the Project, advancement of funding discussions for the Project, and corporate overheads.	N/A	N/A	N/A
Intended use for remaining amount of cash (if any):	N/A	N/A	N/A	N/A	N/A
For non-cash issues					
Non-cash consideration paid:	N/A	N/A	Nil	Issued pursuant to employment contract.	Issued in lieu for payment for services received by the Company.
Current value of that non-cash consideration:	N/A	N/A	N/A	The current fair value of \$33,000 was calculated based on the closing price of the Company's Ordinary Shares of \$0.22 on 11 April 2016.	The current fair value of \$0.074 per option was calculated using the Black-Scholes European Option pricing model.

ANNEXURE D

INFORMATION REQUIRED BY LISTING RULE 7.3A.6

	Issue 6	Issue 7	Issue 8	Issue 9	Issue 10
Date of issue:	5 October 2015	5 October 2015	5 October 2015	3 November 2015	27 November 2015
Number issued:	255,000	50,000	12,000	1,000,000	308,000
Class/Type of equity security:	Performance Rights, Class 1	Ordinary Shares	Ordinary Shares	Unlisted options	Ordinary Shares
Summary of terms:	Re-issue of Performance Rights issued on 12 May 2012 in accordance with the rules of the South Boulder Mines Performance Rights Plan that was cancelled in error on 14 October 2014.	Ordinary Shares	Ordinary Shares	Exercise price \$0.408 and expiry date 4 November 2018. Incentive options issued to CFO.	Ordinary Shares
Names of persons who received securities or basis on which those persons was determined:	Mascots International Pty Ltd and Aradia Ventures Pty Ltd.	Arlington Group Asset Management Group Ltd	Cannings Purple	Christiaan Els	Liam Cornelius, Zeray Leake, Solomon Tewelde, Tsehaye Misgna, Alemseged Moges, Awet Zewde, Michael Ghebrehewet, Aradia Ventures Pty Ltd, Mascots International Ltd, Roderick Trigwell.
Price:	Nil	\$0.295	\$0.31	Nil	Nil
Discount to market price (if any):	N/A	Discount of 1.7% to the closing price on the date of issue (5 October 2015) being \$0.30.	Premium of 3.2% to the closing price on the date of issue (5 October 2015) being \$0.30.	N/A	N/A
For cash issues					
Total cash consideration received:	N/A	N/A	N/A	N/A	N/A
Amount of cash consideration spent:	N/A	N/A	N/A	N/A	N/A

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	Issue 6	Issue 7	Issue 8	Issue 9	Issue 10
Use of cash consideration:	N/A	N/A	N/A	N/A	N/A
Intended use for remaining amount of cash (if any):	N/A	N/A	N/A	N/A	N/A
For non-cash issues					
Non-cash consideration paid:	Re-issue of performance rights cancelled in error.	Services to the value of \$14,750.	Services to the value of \$3,720.	Issued pursuant to employment contract.	308,000 Ordinary Shares on conversion of Performance Rights, Class 1.
Current value of that non-cash consideration:	The current fair value of \$0.154 per Performance Right was calculated using the closing Ordinary Share price of \$0.22 per share on 11 April 2016 and a probability of 70% determined for the specific vesting condition.	The current fair value of the service of \$11,000 was calculated using the closing Ordinary Share price of \$0.22 per share on 11 April 2016.	The current fair value of the service of \$2,640 was calculated using the closing Ordinary Share price of \$0.22 per share on 11 April 2016.	The current fair value of \$0.10 per option was calculated using the Black-Scholes European option pricing model.	The current fair value of \$67,760 was calculated based upon the closing Ordinary Share price of \$0.22 on 11 April 2016.

ANNEXURE D

INFORMATION REQUIRED BY LISTING RULE 7.1A.3

	Issue 11	Issue 12	Issue 13	Issue 14	Issue 15
Date of issue:	27 November 2015	27 November 2015	27 November 2015	30 March 2016	30 March 2016
Number issued:	300,000	650,000	100,000	23,270,464	11,635,232
Class/Type of equity security:	Ordinary Shares	Ordinary Shares	Ordinary Shares	Ordinary Shares	Unlisted Options
Summary of terms:	Ordinary Shares	Ordinary Shares	Ordinary Shares	Ordinary Shares	Exercise price \$0.35 and expiry date 30 March 2018 as per Placement announced on 21 March 2016.
Names of persons who received securities or basis on which those persons was determined:	James Durrant	Paul Donaldson	Stuart Tarrant	Sophisticated and institutional investors	Sophisticated and institutional investors
Price:	Nil	Nil	Nil	\$0.22	Nil - free attaching options under the Placement
Discount to market price (if any):	N/A	N/A	N/A	Discount of 8.33% to the closing price on the date of issue (30 March 2016) being \$0.24.	N/A
For cash issues					
Total cash consideration received:	N/A	N/A	N/A	\$5,119,502	N/A
Amount of cash consideration spent:	N/A	N/A	N/A	Nil	N/A
Use of cash consideration:	N/A	N/A	N/A	N/A	N/A

DANAKALI LIMITED

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	Issue 11	Issue 12	Issue 13	Issue 14	Issue 15
Intended use for remaining amount of cash (if any):	N/A	N/A	N/A	Company will use the cash consideration for commencement of front end engineering design work, initiating mine contract tendering process, completion of mining approvals process, securing offtake agreements and further strategic relationships, securing project funding (debt/equity), transaction costs and working capital.	N/A
For non-cash issues					
Non-cash consideration paid:	300,000 Ordinary Shares on conversion of Performance Rights, Class 3.	650,000 Ordinary Shares on conversion of Performance Rights, Class 4.	100,000 Ordinary Shares for services to the Company.	N/A	N/A
Current value of that non-cash consideration:	The current fair value of \$66,000 was calculated based upon the closing Ordinary Share price of \$0.22 on 11 April 2016.	The current fair value of \$143,000 was calculated based upon the closing Ordinary Share price of \$0.22 on 11 April 2016.	The current fair value of \$22,000 was calculated based upon the closing Ordinary Share price of \$0.22 on 11 April 2016.	N/A	The current fair value of \$0.0882 per option was calculated using the Black-Scholes European option pricing model.



DANAKALI
Danakali Limited
ABN 56 097 904 302



Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
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Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number:

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



For your vote to be effective it must be received by 10:00am (WST) Wednesday, 11 May 2016

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 box 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.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐

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.

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 Professional Public Relations (PPR), Level 2, 1 Altona Street, West Perth, Western Australia on Friday, 13 May 2016 at 10:00am (WST) 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 Resolutions 1, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 are 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 Resolutions 1, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 by marking the appropriate box in step 2 below.

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		For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8 Participation of Mr John Daniel Fitzgerald, a director, in issue of Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Seamus Ian Cornelius as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9 Issue of Remuneration Options to Mr Seamus Ian Cornelius	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Ratification of issue of part of Tranche 1 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10 Issue of Remuneration Options to Mr Paul Michael Donaldson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Participation of Mr Seamus Ian Cornelius, a director, in issue of Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11 Issue of Remuneration Options to Mr Anthony William Kiernan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Participation of Mr Paul Michael Donaldson, a director, in issue of Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12 Issue of Remuneration Options to Mr Liam Raymond Cornelius	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Participation of Mr Anthony William Kiernan, a director, in issue of Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 13 Issue of Remuneration Options to Mr John Daniel Fitzgerald	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Participation of Mr Liam Raymond Cornelius, a director, in issue of Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 14 Approval of 10% Placement Facility	<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.

SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /