



ASX Release

19 November 2024

Danakali to move to NSX to provide shareholder liquidity, prepares to embark on development of new projects in early 2025

Highlights

- Danakali to seek to list on the National Stock Exchange of Australia (**NSX**)
- Shareholder webinar planned to provide an update to all shareholders
- Strong cash balance of \$31 million to fund new project developments
- Pursuing highly prospective opportunities with a focus on Eritrea, Saudi Arabia and Australia

Danakali Limited (ASX: DNK) (**Danakali, Company**) announces that it has elected to seek to transition its primary securities exchange listing to the National Stock Exchange of Australia (**NSX**) and to delist from ASX as part of this process.

The Danakali Board has made a proactive decision to provide shareholders with the opportunity to trade their shares after an extended period of suspension on the ASX and to move the Company to a more appropriate exchange.

The suspension followed the sale of the Company's interest in the Colluli Potash Project in Eritrea. Danakali shareholders received \$162 million in the form of dividends and capital returns from the proceeds from the sale of its interest in Colluli. The Company retained sufficient funds to satisfy potential obligations arising from the sale of the project and to take Danakali in a fresh direction with a new portfolio of exciting assets.

The Company has received in-principle advice from ASX that it would likely remove the Company from the Official List of ASX, subject to satisfaction of the conditions set out below.

Central to the decision was the ASX Listing Rules requirement that companies seeking to re-comply with the ASX Listing Rules pursuant to the "assets test" must have commitments to spend at least half of their cash reserves on their stated objectives within two years of re-listing.

Danakali Chairman, Seamus Cornelius, said the strict application of the ASX Listing Rules at this time, would not be in shareholders' interests to needlessly spend money on exploration purely to facilitate re-listing.

“There was no case for committing more than \$15m to exploration over the next two years, as required under the ASX Listing Rules, when the funding requirement for the projects we are contemplating is far lower,” he said.

“Simply, it would have been an imprudent use of shareholders’ funds. We don’t need to spend money at those levels to test and advance these projects”.

“After lengthy and careful consideration, we concluded that transition to the NSX was in the best interests of Danakali and our investors.”

Mr. Cornelius noted that while the NSX may have a different profile and liquidity compared to the ASX, it provides Danakali and its shareholders with a robust and professional trading platform, well-suited to support the Company’s strategic goals.

“Importantly, it allows our investors to trade shares and new investors to come onto the register to get exposure to what we hope will be several new projects of the stature of Colluli,” he said.

“We have strong cash resources of around \$31 million to develop new projects to the stage where material value has been added, so we move forward with strength and purpose in the knowledge we have the money to do so.”

Danakali comes to the NSX with approximately \$31 million cash in the bank and a pipeline of new project opportunities consistent with the Company’s stated vision and proven strategy of delivering returns to investors.

Listing on the NSX, and transitioning from the ASX, is subject to the following conditions:

- The Company receives confirmation from the NSX that its fully paid ordinary shares will be quoted on NSX.
- The Company makes an announcement and writes to all security holders in form and substance satisfactory to ASX, setting out:
 - the nominated time and date at which the Company will be removed from the ASX official list;
 - that the Company’s securities will remain suspended from trading on ASX during the delisting process; and
 - what security holders will need to do if they wish to sell their securities on the NSX.
- Danakali releasing the full terms of ASX’s in-principle decision upon Danakali making a formal application for ASX to remove the Company from the exchange.

For shareholders, the transition will be largely seamless, with Computershare continuing to manage the share register. Full details of the logistics involved will be communicated to shareholders well in advance of the move.

The Company is planning to hold an interactive webinar for shareholders this quarter, expected to be late November or early December to provide a forum to update shareholders on the process on moving to the NSX and an update on the Company's activities. Information on the webinar will be circulated in due course.

As previously announced, Danakali has lodged an application for an exploration licence in Eritrea, the location of the Colluli Potash Project which was successfully divested by Danakali in 2023. The application is for the Ela Gedel exploration licence, covering an area that is highly prospective for copper and gold.

Danakali also continues to engage with advisors in Riyadh, Saudi Arabia in securing exposure to the country's emerging mineral opportunities, with a particular focus on gold, copper and battery metals.

An Information Memorandum has been submitted to NSX for the purposes of applying for admission of the Company's shares to the NSX, with further details on the Company and its forward-looking strategy.

About the NSX

In February 2000, NSX became the second stock exchange to be approved under the then Corporations Act 2001 (Cth) (**Corporations Act**) in Australia and is licensed under the Corporations Act. NSX is a fully operational and fully regulated stock exchange. NSX creates a market for a wide range of interests including alternative investments and traditional equity securities. Investments listed by NSX cover various areas of the economy that require a market platform. NSX is focused on listing small to medium-sized enterprises, as there is a great need for growth entities to have a capital market in which they can raise further capital and provide a mechanism for the transferability of shares or other listed interests.

There are a number of brokers registered as participant brokers of NSX, and they are the only brokers who can execute trades on NSX. Full profiles of these participant brokers are available on NSX website under the <https://www.nsx.com.au/investing/broker-directory/>.

Additional information about NSX and the market which it operates can be obtained on its website (www.nsx.com.au).

The NSX, CHESS and Issuer Sponsored Register

The Company will continue to participate in the ASX's Clearing House Electronic Sub-Register System (**CHESS**) in accordance with the Settlement Rules. CHESS is an automated

electronic transfer and settlement system for transactions in securities quoted on the NSX. NSX has established a transfer service agreement between NSX and ASX CHESS. This agreement recognises the NSX as an Australian market operator pursuant to the ASX Settlement and Operating Rules and allows NSX to be a recipient of the transfer service provided by ASX.

Shareholdings will continue to be registered on one of two sub-registers, the electronic CHESS sub-register or an issuer sponsored sub-register (**Computershare**). There are three scenarios on how shareholdings may be affected:

- 1) A shareholder who is a participant in CHESS and whose Broker is a participant of the NSX, will continue to be registered on the CHESS sub-register. There will be no change.
- 2) A shareholder who is a participant in CHESS and whose Broker is **not** a participant of the NSX, will need to provide instruction to their Broker to either:
 - move their holdings to a participating Broker to continue to be registered on the CHESS sub-register, or
 - move to the issuer-sponsored sub-register. If a shareholder elects to move to the issuer-sponsored sub-register, they will need to contact their existing participating broker and request for the shares to move to issuer-sponsored sub-register. Upon the move, you will be sent an initial holding statement setting out the number of Shares held and a new Shareholder Reference Number (SRN).
- 3) A shareholder who is a participant on the issuer sponsored sub-register will have no change.

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

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Forward looking statements and disclaimer

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