



DANAKALI

Danakali Ltd
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23 February 2021

Chris Hesford
Listings Compliance (Perth)
ASX Limited

Dear Chris

Danakali Limited (DNK) – Response to ASX Price and Volume Query

We refer to your letter dated 23 February 2021 with respect to the price and volume of query and respond as follows:

1. The Company is not aware of any information concerning it that has not been announced to the market which, if known by some in the market, could be an explanation for recent trading in the securities of the Company.
2. Not applicable given our response to Question 1.
3. We note the large crossing trade of 7.5m shares which occurred at approximately 9.30am at 39c and understand that this may have been a block sale by an institutional investor to a new investor group. The institutional investor has been a regular seller of shares for some time. The Company does not have any other explanation for the recent trading in its securities.
4. The Company confirms that it is compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. The Company confirms that the responses above have been approved by the Board.

Yours sincerely,

Catherine Grant-Edwards
Company Secretary



23 February 2021

Ms Catherine Grant-Edwards
Company Secretary
Danakali Limited

By email: cath@bellatrixcorp.com.au

Dear Ms Grant-Edwards

Danakali Limited ('DNK'): Price and Volume Query

We note the change in the price of DNK's securities from a low of \$0.405 at the close of trading on Monday, 22 February 2021 to an intraday high of \$0.64 at the time of writing.

We also note the significant increase in the volume of DNK's securities traded today, 23 February 2021.

Request for Information

In light of this, ASX asks DNK to respond separately to each of the following questions and requests for information:

1. Is DNK aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes".
 - (a) Is DNK relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in DNK's securities would suggest to ASX that such information may have ceased to be confidential and therefore DNK may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that DNK may have for the recent trading in its securities?
4. Please confirm that DNK is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that DNK's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of DNK with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12:30 PM AWST today, Tuesday, 23 February 2021**. If we do not have your response by then, ASX will likely suspend trading in DNK's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, DNK's obligation is to disclose the information

“immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to DNK’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance *Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that DNK’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is “yes” and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in DNK’s securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in DNK’s securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Chris Hesford
Geologist, Listings Compliance (Perth)