



ASX Release:

31 March 2023

Completion of Sale of Colluli Interest

Highlights

- The sale of DNK's 50% shareholding in CMSC to Sichuan Road and Bridge Group Co., Ltd completed on 31 March 2023, well ahead of schedule.
- Net of all government taxes, DNK will receive US\$121 million in 2 Tranches:
 - Tranche 1 amounting to US\$105 million (AUD\$156 million) has been received.
 - Tranche 2 amounting to US\$16 million will be received 6 months from completion.
- DNK currently plans to distribute approximately 90% of the net proceeds to DNK shareholders.
- DNK will continue to identify new projects and potential new alternative growth opportunities.
- Danakali's securities will be suspended from official quotation from close of market on Monday 3 April 2023.

Further to ASX announcements of 3 October 2022, 1 December 2022, and 12 January 2023, Danakali Limited (ASX:DNK) (**DNK**, **Danakali**, or the **Company**) is pleased to announce that the sale of Danakali's 50% interest in the Colluli Mining Share Company (**CMSC**) to Sichuan Road and Bridge Group Co., Ltd. (**SRBG** or the **Purchaser**) for US\$166 million in upfront cash and deferred payments (**Transaction**) completed on 31 March 2023.

As previously announced, pursuant to the Share Sale Agreement (**SSA**), the Purchaser agreed to purchase:

- 100% of the shares held by Danakali's wholly owned subsidiary, STB Eritrea Pty Ltd (**STB**), in Colluli Mining Share Company (**CMSC**) (**CMSC Equity**); and
- the outstanding amount owed by CMSC to STB pursuant to the terms of the shareholders agreement between ENAMCO and STB (**Shareholder Loan**),

for US\$135 million and US\$31 million (subject to an adjustment for deferred payment) respectively, for a total sum of US\$166 million. Upon completion of the Transaction, net of all government taxes, Danakali received US\$105 million (AUD\$156 million), with a second tranche payment of US\$16 million to be received 6 months from completion.

Danakali's Executive Chairman, Mr Seamus Cornelius commented: "This is an excellent outcome for all stakeholders made possible by a lot of hard work by too many people to name over many years. Special thanks and acknowledgment must be made to ENAMCO, the Eritrean Ministry of Mines and Energy and SRBG."

Codes:

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

Financial facts:

Issued capital: 368.3m
Share price: A\$0.41
Market cap: A\$151.0m



Upcoming Suspension from Trading

Shareholders are advised that the ASX has confirmed that the securities of Danakali will be suspended from official quotation from the close of market on Monday 3 April 2023, which is 6 months from the date of the term sheet announcement on 3 October 2022.

Shareholder approval for the disposal of the Company's main undertaking was received at the general meeting held on 2 March 2023. As previously announced, a disposal by a listed entity of its main undertaking can raise issues under ASX Listing Rule 12.1 and 12.2, which oblige a listed entity to satisfy ASX on an ongoing basis that the level of its operations is sufficient, and its financial condition adequate, to warrant its continued quotation of its securities. As detailed in the Company's notice of meeting dated 1 February 2023, shareholders were notified that DNK would be required by ASX, within a period of 6 months from the date of announcement of the disposal to identify a new project or opportunity or risk being suspended from trading by ASX. The consequences of a disposal of its main undertaking are that any transaction DNK proposes to enter into may, if required by ASX, attract the application of Listing Rule 11.1.3 and as a result the Company may, if required by ASX, be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Please refer to ASX Guidance Note 12: Significant Change to Activities which provides further information on significant changes to activities and how the Listing Rules apply to those changes.

DNK's Plans Post Transaction Completion

Danakali is continuing its investigation of suitable projects for investment of a portion of the funds received from the Transaction with a view to meeting the requirements of Listing Rule 12.1 to return to official quotation upon application to ASX.

Having completed the Transaction well ahead of schedule, Dankali efforts focused on identification of new projects for investment will be increased. If the Company does not identify a suitable new project, the shares of DNK will remain suspended.

Distribution of Funds

As previously advised, DNK currently intends to distribute approximately 90% of the net proceeds to DNK shareholders. Shareholders are advised:

- Danakali intends to apply for an ATO ruling regarding the Australian tax treatment of any proposed distribution to shareholders;
- any proposed capital reduction or buy back will require shareholder approval; and
- any proposed distribution approved by shareholders is expected to occur in the year ending 30 June 2024.

At this stage, the Board has not made any formal decision regarding the proposed distribution and the form that that this may take. The Company will keep the market informed as to its intentions regarding distribution of funds in due course.



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Shareholder Elections – Updating Email Address and Bank Instructions

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

This announcement is intended to lift the voluntary suspension of the Company's ordinary securities.

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

For more information, please contact:

Danakali

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Forward looking statements and disclaimer

The information in this document is published to inform you about DNK and its activities. DNK has endeavoured to ensure that the information enclosed is accurate at the time of release, and that it accurately reflects the Company's intentions. All statements in this document, other than statements of historical facts, that corporate transactions and events or developments that the Company expects to occur, are forward looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual events may differ materially from those in forward-looking statements.

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