



DANAKALI
create. nurture. grow

ASX Release

25 January 2024

Quarterly Report

For the period ended 31 December 2023

Danakali Limited (ASX: DNK, **Danakali**, or the **Company**) is pleased to provide this quarterly update on the activities and financial position of the Company.

Highlights

During the December 2023 quarter, the Company announced the proposed return of 42 cents per share to shareholders from the sale of the Company's interest in the Colluli Potash Project (subject to receipt of relevant shareholder approval).

Following the engagement with the Australian Taxation Office the process of obtaining a final ATO Ruling was substantially progressed and, on that basis, Danakali confirmed the distribution to shareholders to comprise approximately:

- a capital return of 27.3 cents per share (subject to shareholder approval); and
- a dividend of 14.7 cents per share.

Shareholder approval for the capital return was received at the Company's General Meeting held 24 November 2023 (**General Meeting**).

The distribution to shareholders of total \$154.7m was initiated on 8 January 2024 (subsequent to quarter end), based on registered shareholders as at 2 January 2024. The majority of shareholders have received their distribution, however there are a number of shareholders who have not updated their payment information with Computershare therefore have not received payment. Shareholders are referred to the ASX Announcement dated 16 January 2024 which contains information regarding future scheduled payment runs and instructions regarding updating of shareholder details.

Corporate Development

Danakali continues its corporate development activities to evaluate suitable projects to grow the Company in line with its vision of being a leading exploration and development company in Australia and Africa's critical resources sector, driving sustainable growth, technological innovation, and responsible resource management.

ASX Suspension

The Company's securities were suspended from quotation on the Australian Stock Exchange (ASX) from the close of market on 3 April 2023 following the Colluli sale, as the ASX determined that Danakali's operations were no longer adequate to warrant the continued quotation of its securities. The suspension will continue until Danakali is able to demonstrate compliance with Listing Rule 12.1 of the listing rules.



DANAKALI
create. nurture. grow

The Company continues to explore with the ASX to the best way to accelerate re-listing. The Company has also advised that it would also actively explore the other liquidity options.

Capital

Cash

Consolidated cash on hand was A\$193.1 million on 31 December 2023. Please refer to the Appendix 5B for the quarter.

Subsequent to quarter end, the Company distributed a total of \$154.7m to shareholders (as noted above).

Securities

As at 31 December 2023, there were 368,334,346 fully paid ordinary shares on issue. No shares were issued during the quarter.

As at 31 December 2023, there were 10,000,000 options on issue exercisable at \$0.64 expiring 30 July 2025. In accordance with Listing Rule 7.22.3, the exercise price of each option was reduced by the equivalent of the return of capital per share made to shareholders on the 8 January 2024. The options strike price was reduced by \$0.273 per option to \$0.367 (DNK Announcement 19 January 2024).

Movements in options during the quarter were as follows:

- 250,000 options exercisable at \$0.501 expiring 3 December 2023 were cancelled for cash consideration of \$0.010 per option; and
- 4,000,000 options exercisable at \$0.450 expiring 31 December 2024 were cancelled for cash consideration of \$0.075 per option (**Cancelled Director Options**).

Shareholder approval for the cancellation of options for cash consideration was received at the Company's General Meeting.

Related Party Transactions

In accordance with ASX Listing Rule 5.3.5, payments to related parties of the Company and their associates during the quarter totalled \$398,000. The Company advises that this includes:

- \$98,000 for Director fees and remuneration; and
- \$300,000 paid in respect of the Cancelled of Director Options.

Refer to the Remuneration Report in the Financial Report for further details on director remuneration.

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



DANAKALI
create. nurture. grow

For more information, please contact:

Danakali

Seamus Cornelius
Executive Chairman
scornelius@danakali.com
+61 450 649 311

Greg MacPherson
Chief Financial Officer
gmacpherson@danakali.com
+61 426 967 683

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.

To the extent permitted by law, the Company accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this document. Recipients should make their own enquiries in relation to any investment decisions. The Company and each of its affiliates accordingly disclaims, to the fullest extent permitted by law, all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this announcement.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Danakali Limited

ABN

57 097 904 302

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(45)	(173)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(363)	(2,121)
	(e) administration and corporate costs	(302)	(1,394)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2,004	3,594
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other:		
	(a) Cancellation of options for cash	(303)	(303)
1.9	Net cash from / (used in) operating activities	991	(397)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:	-	-
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	132,902
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	47,040
2.4	Dividends received (see note 3)	-	-
2.5	Other:		
	(a) Payments directly related to disposal of investment	-	(1,283)
	(b) Payments for funding of joint venture	-	(27)
2.6	Net cash from / (used in) investing activities	-	178,632

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	192,117	14,873
4.2	Net cash from / (used in) operating activities (item 1.9 above)	991	(397)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	178,632

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	193,108	193,108

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,108	25,613
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposit)	190,000	166,504
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	193,108	192,117

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	398
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Payments included in item 6.1 relates to payment of director fees (\$98k) and payment to a director for cancellation of options (\$300k) (as approved by shareholders).

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	991
8.2	Payments for exploration & evaluation classified as investing activities (item 2.1(d))	-
8.2a	Other (item 2.5)	-
8.3	Total relevant outgoings (item 8.1 + item 8.2 + item 8.2a)	991
8.4	Cash and cash equivalents at quarter end (item 4.6)	193,108
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	193,108
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:		
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 January 2024.....

Authorised by: By the Audit and Risk Committee.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.