



Notice of Annual General Meeting

Danakali Limited (ASX: DNK, LSE: DNK, **Danakali** or the **Company**) is pleased to confirm release of its Notice of Annual General Meeting (**Notice**) to shareholders.

The Annual General Meeting will be held at 10:00am (WST) on Monday, 27 May 2019 at Level 30, 108 St Georges Terrace, Perth, Western Australia.

A copy of the Notice is attached to this announcement.

For more information, please contact:

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DANAKALI

Danakali Ltd

ACN 097 904 302

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

27 May 2019

Time of Meeting

10:00am WST

Place of Meeting

Level 30, 108 St Georges Terrace, Perth, Western Australia

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

Danakali Ltd
ACN 097 904 302

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Danakali Ltd ACN 097 904 302 will be held at Level 30, 108 St Georges Terrace, Perth, Western Australia on 27 May 2019 at 10:00am for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

BUSINESS OF MEETING

Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report of the Company for the year ended 31 December 2018, together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

Resolution 1 – Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding resolution**:

"That the Remuneration Report for the year ended 31 December 2018 as set out in the Annual Report be adopted."

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

Voting Prohibition: *In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member (**Restricted Voter**).*

However, a Restricted Voter described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or*
- (b) the voter is the Chair 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.*

Resolution 2 – Re-election of John Fitzgerald as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That John Fitzgerald, being a Director who retires in accordance with rule 6.3(c) of the Constitution and being eligible offers himself for re-election, be re-elected as a Director."

Resolution 3 – Re-election of Robert Connochie as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Robert Connochie, being a Director who retires in accordance with rule 6.3(c) of the Constitution and being eligible offers himself for re-election, be re-elected as a Director."

Resolution 4 – Grant of Options to Andre Liebenberg

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and all other purposes, the Directors are authorised to issue 500,000 Options to Andre Liebenberg or his nominee on the terms and conditions set out in the Explanatory Memorandum (including Annexure A)."

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of Mr Andre Liebenberg or his nominee or any of their Associates. 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) the vote 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 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 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 – Grant of Options to Seamus Cornelius

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and all other purposes the Directors are authorised to issue 301,040 Options to Seamus Cornelius or his nominee on the terms and conditions set out in the Explanatory Memorandum (including Annexure B)."

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Mr Seamus Cornelius or his nominee or any of their Associates. 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) the vote 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 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 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 – Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purpose of Listing Rule 7.1A and 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 Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 6 by a person who is expected to participate in the proposed issue or any person who will obtain a material benefit, except a benefit solely by reason of being a holder of ordinary securities, or 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 7 – Ratification of prior issue of Shares to advisers

To consider and, if thought fit, to pass each of the following resolutions as a **separate ordinary resolution**:

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of Shares to advisers in lieu of cash advisory fees as follows:

- (a) 356,049 Shares to Numis Securities Limited for no cash consideration on 24 July 2018; and
 - (b) 8,571 Shares to Daniel Stewart & Company Plc for no cash consideration on 21 December 2018,
- on the terms and conditions set out in the Explanatory Memorandum."*

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 7 by Numis Securities Limited and Daniel Stewart & Company Plc and or any of their respective Associates. 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 8 – Replacement of Constitution

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, in accordance with sections 136(2) and 648G of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt the Proposed Constitution in its place in the form tabled at the Meeting and signed by the Chair for the purposes of identification, with effect from the close of the Meeting."

Resolution 9 – Non-Executive Remuneration

To consider and, if thought fit to pass the following as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.17, rule 72 of the Proposed Constitution and all other purposes, the maximum aggregate amount payable to Non-Executive Directors of the Company by way of Directors’ fees be increased from \$400,000 to \$500,000 per annum.”

Voting exclusion statement: *The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of the Directors or their respective nominees or any of their Associates. 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) the vote 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 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.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

By order of the Board



Catherine Grant-Edwards

Company Secretary

Dated: 16 April 2019

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice and by submitting their proxy appointment and voting instructions in person, by post, electronically via the internet or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. 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 a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- 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. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1, 4, 5 and 9 in accordance with a direction on how the proxy is to vote or, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- 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.
- To be effective, proxies must be received by 10:00am (AWST time) on 25 May 2019. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:
 - by returning a completed Proxy Form in person or by post using the pre-addressed envelope provided with this Notice to:
Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001, Australia
 - by faxing a completed Proxy Form to **1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)**;

or

- by recording the proxy appointment and voting instructions via the internet at www.investorvote.com.au. Only registered Shareholders may access this facility and will need their Holder Identification Number (HIN) or Securityholder Reference Number (SRN).

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. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10:00am (AWST time) on 25 May 2019. If facsimile transmission is used, the Power of Attorney must be certified. The time is 48 hours prior to the meeting (10:00am on 27 May 2019.)

United Kingdom (CREST Voting Instruction)

DI Holders in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a "CREST Voting Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent (3RA50) no later than Wednesday, 22 May 2019 at 4:00pm (BST). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. DI Holders in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the DI Holder concerned to take (or, if the DI Holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time.

In this connection, DI Holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

United Kingdom (Form of Instruction)

DI Holders are invited to attend the Meeting but are not entitled to vote at the Meeting. In order to have votes cast at the Meeting on their behalf, DI holders must complete, sign and return the Forms of Instruction forwarded to them along with the Notice to the Company's agent, Computershare UK, by Wednesday, 22 May 2019 at 4:00pm (BST).

Shareholders who are entitled to vote

In accordance with paragraphs 7.11.37 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5:00pm (AWST time) on 25 May 2019.

Danakali Ltd
ACN 097 904 302

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

FINANCIAL REPORTS

The first item of the Notice deals with the presentation of the consolidated Financial Report of the Company for the financial year ended 31 December 2018, 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:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) 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.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as disclosed in the Company's Annual Report be adopted. The Remuneration Report is set out in the Company's Annual Report and is also available on the Company's website (www.danakali.com.au).

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

However, if at least 25% of the votes cast are against 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 2017 did not receive a vote of more than 25% against its adoption at the Company's last general meeting held on 19 May 2018. 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 Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity based compensation.

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

Note that a voting prohibition applies to Resolution 1 in the terms set out in the Notice.

RESOLUTIONS 2 AND 3 – RE-ELECTION OF DIRECTORS

In accordance with the Constitution and Listing Rule 14.4, no Director of the Company (except a Managing Director) may hold office (without re-election) past the third Annual General Meeting following the Director's appointment or 3 years, whichever period is longer. The Constitution also requires that one third of the Company's Directors must retire at each AGM. Accordingly, John Fitzgerald and Robert Connochie being Directors, retire by way of rotation and, being eligible, offer themselves for re-election as a Directors.

Re-election of John Fitzgerald

Mr Fitzgerald is a Chartered Accountant, a Fellow of the Financial Services Institute of Australasia (FINSIA) and a graduate member of the Australian Institute of Company Directors.

Mr Fitzgerald has over 30 years of finance, corporate advisory and board experience in the resource sector. Previously, he held senior executive positions at NM Rothschild and Sons, Investec Bank Australia, Commonwealth Bank, HSBC Precious Metals and Optimum Capital.

Mr Fitzgerald is Non-Executive Chairman of Exore Resources Limited and Lead Independent Director of Northern Star Resources Limited.

Mr Fitzgerald is Chairman of the Audit Committee and member of the Remuneration and Nomination Committee.

Mr Fitzgerald is an independent director of the Company.

Re-election of Robert Connochie

Mr Connochie is a highly-experienced potash and mining specialist with over 40 years of industry experience. He brings extensive senior line management experience from the potash industry, including marketing, corporate development, evaluations, financing and acquisitions.

Previously, Mr. Connochie held positions as Chairman of Canpotex (a world leading potash exporter for over 40 years) and Chairman of Behre Dolbear Capital, Inc. Further, Mr Connochie was Chairman and CEO of Potash Company of America, CEO Asia Pacific Potash, Director of Athabasca Potash, Chairman of the Phosphate and Potash Institute, Director of the Fertiliser Institute, and Director of the Saskatchewan Potash Producers Association.

Mr Connochie is a member of the Technical and Risk Committee.

Mr Connochie is an independent director of the Company.

Recommendation

The Board (other than John Fitzgerald in relation to Resolution 2 and Robert Connochie in relation to Resolution 3) recommend that Shareholders vote in favour of Resolutions 2 and 3.

RESOLUTIONS 4 AND 5 – GRANT OF OPTIONS TO ANDRE LIEBENBERG AND SEAMUS CORNELIUS

Background

Under Resolution 4, the Company proposes to grant a total of 500,000 Options to Andre Liebenberg or his nominee with an exercise price of \$0.912, an expiry date of 11 May 2020 and on the other terms and conditions set out in Annexure A. The Options to be issued to Andre Liebenberg will be issued on the same terms (including exercise price and expiry date) as Options previously issued to Directors (as approved by Shareholders at the Company's annual general meeting on 19 May 2017).

Under Resolution 5, the Company proposes to issue 301,040 Options to Seamus Cornelius or his nominee with an exercise price of \$1.031, an expiry date of 24 January 2022 and on the other terms and conditions set out in Annexure B. The Options to be issued to Seamus Cornelius will be issued on the same terms and conditions as those previously issued to other employees.

The Options issued to Andre Liebenberg and Seamus Cornelius are being issued as part of each of their respective remuneration packages.

As both Andre Liebenberg and Seamus Cornelius are related parties of the Company, Shareholder approval is being sought for the issue of the Options to both Andre Liebenberg and Seamus Cornelius under Listing Rule 10.11.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the Options will not be included in calculating the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

Related Party Transactions under Corporations Act

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

- (a) the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, Andre Liebenberg and Seamus Cornelius are related parties of the Company.

The Board (other than Andre Liebenberg in relation to Resolution 4 and Seamus Cornelius in relation to Resolution 5) have determined that the issue of Options constitutes 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.

Information Requirements under Listing Rule 10.13

The following information is provided to Shareholders in relation to Resolutions 4 and 5 for the purposes of Listing Rule 10.13:

- (a) the Options will be granted to Andre Liebenberg under Resolution 4 and Seamus Cornelius under Resolution 5 or their respective nominees;

- (b) the maximum number of Options to be issued under Resolution 4 is 500,000 and Resolution 5 is 301,040;
- (c) the Options under Resolutions 4 and 5 will be issued by no later than 1 month after the date of the Meeting (or such later date to the permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Options are being issued for nil cash consideration as part of each of the respective Director's remuneration package and to provide a performance-linked incentive;
- (e) the terms and conditions of the Options to be issued to Andre Liebenberg under Resolution 4 are set out in Annexure A and to Seamus Cornelius under Resolution 5 are contained in Annexure B;
- (f) no funds will be raised from the grant of Options under Resolutions 4 and 5; and
- (g) a voting exclusion statement is included in the Notice.

Recommendation

The Board (other than Andre Liebenberg in relation to Resolution 4 and Seamus Cornelius in relation to Resolution 5) recommend Shareholders vote in favour of Resolutions 4 and 5.

RESOLUTION 6 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

Background

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the Annual General Meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if:

- (a) the entity has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million or less; and
- (b) the entity that is not included in the S&P ASX 300 Index.

The Company has a market capitalisation of \$211,537,918 as at 15 April 2019 and is therefore an eligible entity for the purposes of Listing Rule 7.1A.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

Resolution 6 seeks Shareholders' approval to issue additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated that funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards the Company's development activities of the Colluli Potash Project, for the acquisition of new assets or investments (including costs associated with any such acquisitions), and general working capital.

Listing Rule 7.1A

The effect of Resolution 6 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 Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has Shares, unlisted Options and unlisted Performance Rights on issue.

Based on the number of Shares on issue at the date of this Notice, the Company will have 264,422,398 Shares on issue and therefore, subject to Shareholder approval being obtained under Resolution 6, 26,442,240 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based the formula set out in Listing Rule 7.1A.2 at the time of issue of the Equity Securities. That formula is:

$(A \times D) - E$

- A is 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 became 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 Rules 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.

Note that 'A' has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

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 the issue or agreement to issue, that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.40 Issue Price at half the current market price	\$0.80 Issue Price at current market price	\$1.60 Issue Price at double the current market price
Current Variable 'A' 264,422,398 Shares	Shares issued	26,422,240	26,422,240	26,422,240
	Funds raised	\$10,576,896	\$21,153,792	\$42,307,584
	Dilution	10%	10%	10%
50% increase in current Variable 'A' 396,633,597 Shares	Shares issued	39,663,360	39,663,360	39,663,360
	Funds raised	\$15,865,344	\$31,730,688	\$63,461,376
	Dilution	10%	10%	10%
100% increase in current variable 'A' 528,844,796 Shares	Shares issued	52,884,480	52,884,480	52,884,480
	Funds raised	\$21,153,792	\$42,307,584	\$84,615,167
	Dilution	10%	10%	10%

Note: This table assumes:

- No Options are exercised before the date of the issue of the Equity Securities.
- The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, for the purposes of the above table, it is assumed that those quoted Options are exercised into Shares for the purposes of calculating the voting dilution effect on existing Shareholders.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2, with approval under Listing Rule 7.1 or ratified under Listing Rule 7.4.
- This table does not set out any dilution pursuant to ratification under Listing Rule 7.4.

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.

Resolution 6 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.

Specific information required by Listing Rule 7.3A

The following information in relation to the Shares proposed to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days on which trades in the 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 five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk 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 on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued:
 - (A) at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities; or
 - (B) 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 Additional 10% Placement Capacity.
- (c) The table above shows the dilution of existing Shareholders upon the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity, using different variables for the number of ordinary securities for variable 'A' (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable 'A' is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- (i) examples of where variable 'A' is at its current level, and where variable 'A' has increased by 50% and by 100%;
 - (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 15 April 2019, being \$0.80 (current market price), where the issue price is halved, and where it is doubled; and
 - (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.
- (d) Approval of the Additional 10% Placement Capacity will be valid during the period (**Additional Placement Period**) from the date of the Annual General Meeting and will expire on the earlier of:
- (i) the date that is 12 months after the date of the Annual General Meeting; and
 - (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (e) The Company may seek to issue the Equity Securities for the following purposes:
- (i) If Equity Securities are issued for cash consideration, the Company intends to use the funds for execution of the development activities of the Colluli Potash Project, for the acquisition of new assets or investments (including costs associated with any such acquisitions), and general working capital; and
 - (ii) If Equity Securities are issued for non-cash consideration for the acquisition of new resources assets and investments. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.3 and 3.10.5A upon issue of any Equity Securities.

- (f) The identity of the persons to whom Shares will be issued is not yet known and will be determined on a case by case basis having regard to market conditions at the time of the proposed issue of Equity Securities and the Company's allocation policy, which involves consideration of matters including, but not limited to:
- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer;
 - (ii) In the case of an asset or investment acquisition, the nature and circumstances of the acquisition;
 - (iii) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of proposed issued of Equity Securities;
 - (iv) the financial situation and solvency of the Company; and
 - (v) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 11 May 2018. The Company has not issued Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of this Notice.

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined who the Company will issue Equity Securities to under the Additional 10% Placement Capacity, other than noting that the persons to whom Shares will be issued will be determined on a case by case basis having regard to the factors outlined in paragraph (f) above. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, therefore no existing security holders' votes would be excluded under the voting exclusion statement included in this Notice.

Recommendation

The Board recommends that Shareholders vote in favour of Resolution 6.

RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SHARES TO ADVISERS

Background

On 24 July 2018 the Company issued 356,049 Shares to its financial advisors, Numis Securities Limited, in lieu of cash consideration for corporate advisory services provided in connection with the London Stock Exchange listing (**Financial Advisor Shares**).

On 20 December 2018 the Company issued 8,571 Shares to its corporate advisors, Daniel Stewart & Company Plc, in lieu of cash consideration for corporate advisory services provided in connection with the London Stock Exchange listing (**Corporate Advisor Shares**).

Listing Rule 7.4 permits the ratification of previous issues of Equity Securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of the ratification is to restore the Company's maximum discretionary power to issue further Equity Securities up to 15% of the issued capital of the Company without requiring Shareholder approval.

Resolution 7 seeks ratification under Listing Rule 7.4 of the issue of a total of 364,620 Shares that were made on 24 July 2018 and 21 December 2018 in order to restore the ability of the Company to issue further Equity Securities within the 15% limit during the next 12 months.

Information Required under Listing Rule 7.5

The following information in relation to the Shares is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) a total of 364,620 Shares were issued;
- (b) the Financial Advisor Shares were issued for nil consideration at a deemed issue price of \$0.755 per Share being the Share price at 16 July 2018. The Corporate Advisor Shares were issued at nil consideration at a deemed issue price of \$0.7731 (being the 10-day VWAP calculated at 20 November 2018);
- (c) the Shares issued were fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (d) the Financial Advisor Shares were issued to Numis Securities Limited, being the financial advisor of the Company and the Corporate Advisor Shares were issued to Daniel Stewart & Company Plc, being the corporate advisor of the Company in connection with the Company's listing on the London Stock Exchange;
- (e) no funds were raised from the issue of the Financial Advisor Shares or the Corporate Advisor Shares as the Advisor Shares were issued in lieu of corporate and financial advisory fees; and
- (f) a voting exclusion statement is included in the Notice.

Recommendation

The Board recommends that Shareholders vote in favour of Resolution 7.

RESOLUTION 8 – REPLACEMENT OF CONSTITUTION

Resolution 8 is a special resolution which will enable the Company to repeal its Constitution and adopt a new Constitution (**Proposed Constitution**).

The Constitution was last amended in November 2012. There have been a number of significant developments in law (both the Corporations Act and the ASX Listing Rules), corporate governance principles and general corporate and commercial practice for ASX listed companies since that time. The Board has determined that it is more appropriate to adopt a new constitution, which reflects these changes, rather than make each of the necessary amendments to the current Constitution.

Many of the proposed changes are administrative or relatively minor in nature. The principal differences between the current Constitution and the Proposed Constitution are outlined below:

(a) Dividends and distributions

Following recent amendments to the Corporations Act, companies are no longer restricted to paying dividends out of profits. The Proposed Constitution will give the Directors the flexibility to resolve to pay a dividend out of any available source permitted by law.

Separately, the Proposed Constitution clarifies that where payment of a dividend via a transfer to an account of a Shareholder is rejected or refunded, or the shareholder has not provided a valid nominated account or does not have a valid registered address to receive a payment, the Company may hold the amount payable in an account of the Company until the Shareholder nominates a valid account or registered address (as applicable). The Proposed Constitution

includes an express provision (rule 114) to the effect that an amount credited to an account of the Company in these circumstances is to be treated as having been paid to the Shareholder at the time it is credited and the Company will not be a trustee of the money and no interest will accrue.

Rules 116 and 117 of the Proposed Constitution expand on the wording in rule 10.7 of the Constitution regarding ancillary powers of Directors in relation to dividends. The amendments confer greater flexibility in the case of a capital return, a dividend which is made in a non-cash form or a capitalisation of profits.

(b) General meetings

The Proposed Constitution retains aspects of the Constitution and incorporates changes proposed to assist with the orderly conduct of general meetings of the Company.

Rule 35 of the Proposed Constitution gives the Company specific powers to use technology to hold a meeting of its members at 2 or more venues simultaneously. This will help the Company facilitate meetings in Perth and London if required, given its listing on ASX and LSE.

Rule 34 of the Proposed Constitution gives the Directors the power to, by notice to the ASX, change the venue for, postpone or cancel a general meeting, if they consider that the meeting has become unnecessary, or the venue would be unreasonable or impractical or a change is necessary in the interests of conducting the meeting efficiently. However, this rule will not apply to a meeting that is requisitioned by members or a meeting that is not called by a Directors' resolution.

The Proposed Constitution does not include the right of Shareholders to require the Chairperson to postpone a general meeting if a majority of those present vote to adjourn the meeting.

(c) Proxies

The Proposed Constitution permits electronic authentication proxy appointments, including through emails or internet based voting.

(d) Directors

Rule 64.1(3) of the Proposed Constitution provides that where a member is intending to nominate a person for election at a general meeting, they must give the Company notice of that intention at least 45 Business Days before the meeting. Additionally, all nominations for election at a general meeting must not be received more than 90 business days before the meeting. Under the Constitution, notice must be provided at least 35 business days before the meeting.

These changes recognise the need to give 28 clear days' notice of the general meeting and the time required for printing and distribution of a notice of meeting along with the administrative difficulty of having a long nominations period.

Under rule 61 of the Proposed Constitution, Directors will be required to retire no later than the third annual general meeting following the Director's last election or appointment. Under the Constitution, one third of the Directors are required to retire at each annual general meeting. The proposed new rule 61 reflects common director rotation provisions amongst listed companies and is in line with the relevant ASX Listing Rules. To the extent the ASX Listing Rules require the Company to hold an election of Directors at an annual general meeting, a Director election will be held, and rule 61 provides the process for determining which Director will stand for re-election at that annual general meeting.

The Proposed Constitution removes the provision in the Constitution which allows the Directors to remove a fellow Director who has been absent for six months or more. Under the proposed rule 63, the office of a Director will become vacant if a Director fails to attend 3 consecutive Directors' meetings without receiving a leave of absence from the Directors.

The rules in the Proposed Constitution relating to Directors' remuneration are broadly in line with the rules in the Constitution. As with the Constitution, under the Proposed Constitution, the total annual fees of Directors must not exceed the aggregate fixed by the Company in general meeting. At the date of this notice of meeting, this amount is \$400,000 per annum, which was approved by shareholders on 17 November 2014. If Resolution 8 is passed, this amount will be increased to \$500,000. However, the Proposed Constitution clarifies that:

- (i) in calculating the maximum fees payable, superannuation contributions made to comply with superannuation guarantee legislation are included in the aggregate fee cap;
- (ii) in calculating the maximum fees payable, amounts paid for any insurance premium are excluded from the aggregate fee cap; and
- (iii) remuneration may be paid other than in cash (e.g. shares in the Company or superannuation contributions).

(e) **Direct voting**

The Constitution does not provide for direct voting by Shareholders. The ASX Corporate Governance Council has encouraged listed companies to consider ways to facilitate shareholder participation in members' meetings. A number of companies listed on ASX have amended their constitutions to provide for direct voting, or at least to allow the company to implement direct voting in the future. Direct voting enables shareholders to vote on resolutions to be considered at a meeting without the need to attend the meeting or to appoint a proxy (or other representative). A direct vote would usually be submitted before the meeting, in any form approved by the relevant board of directors, such as by fax, post or electronically.

The Proposed Constitution contains provisions (rule 57) which permit the directors to determine that, at any general meeting of members of the Company, a member who is entitled to attend and vote at that meeting is entitled to a direct vote. The Directors may prescribe rules to govern direct voting including rules specifying the form, method and timing of giving the direct vote in order for it to be valid.

(f) **Proportional takeover provision**

As part of the proposal to adopt the Proposed Constitution, it is intended to insert the proposed rule 30, which contains similar proportional takeover approval provisions as those currently contained in Schedule 5 of the Constitution.

A proportional takeover bid is a takeover offer sent to all shareholders, but only in respect of a specified portion of each shareholder's shares. Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of their shares in the Company and retain the balance of the shares.

Effect: If included, in the event that a proportional takeover offer is made to Shareholders, the Board will be required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover offer. That meeting must be held at least 14 days before the offer under the proportional takeover bid closes. The resolution shall be taken to have been passed if a majority of Shares voted at the meeting, excluding the Shares of the bidder and its associates, vote in favour of the resolution. The Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on. However, if no resolution is voted on before the end of the 14th day before the close of the offer, the resolution will be deemed to have been passed. Where the resolution approving the offer is passed or deemed to have been passed, transfers of shares resulting from accepting the offer will be registered provided they otherwise comply with the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the Proposed Constitution. If the resolution is rejected, then in accordance with the Corporations Act, the offer will be deemed to be withdrawn and transfers that would have resulted from acceptance of a bid will not be registered. The proportional takeover approval provisions do not apply to full takeover bids and only apply for three years after the date of

adoption of the provisions. The provisions will cease to apply unless renewed at the end of 3 years after their initial adoption.

Reasons for the provisions: Without proportional takeover provisions, control of a target company may pass without Shareholders having the chance to sell all of their shares to the bidder. This means the bidder could take control of the target without paying an adequate premium, whilst potentially leaving shareholders with a minority interest. To deal with this, a company may provide in its constitution that if a proportional takeover bid is made for shares in that company, shareholders must vote on whether to accept or reject the offer and that decision will be binding on all shareholders.

Present acquisition proposals: As at the date on which Explanatory Memorandum is prepared no Director is aware of a proposal by any person to acquire or to increase the extent of a substantial interest in the Company.

Potential advantages: the potential advantages of adopting the proportional takeover provisions for Shareholders are:

- Shareholders have the right to determine by majority vote whether a proportional takeover bid should proceed;
- the provisions may help Shareholders avoid being locked in as a minority;
- the provisions may give Shareholders increased bargaining power and ensure any potential bid is adequately priced; and
- knowing the consensus of majority Shareholders may assist individual Shareholders in assessing the likely outcome of the takeover bid and whether to accept or reject an offer under the bid.

Potential disadvantages: the potential disadvantages of the proportional takeover provisions for Shareholders are:

- proportional takeover bids for shares in the Company may be discouraged;
- Shareholders may have reduced opportunities to sell all or some of their shares at a premium to a potential bidder aiming to seek control of the Company, and any takeover speculation element in the Company's share price may be reduced;
- the likelihood of a successful of a proportional takeover bid be diminished; and
- the provisions may be considered an additional restriction on the ability of individual Shareholders to deal freely in their shares.

Directors' recommendation: the Directors consider that the potential advantages for Shareholders of adopting the proportional takeover provisions outweigh the potential disadvantages as Shareholders as a whole would be able to decide whether or not a proportional takeover bid is successful. The Directors further consider that adopting the proposed takeover provisions would have no potential advantages or disadvantages for them in their capacity as Directors.

If this resolution is approved, the proportional takeover provisions will be inserted into the Proposed Constitution adopted under Resolution 8 and will take effect from the date of the Meeting.

(g) **Definitions and interpretation**

The Proposed Constitution updates the definitions to reflect current terminology and where possible relies on terms defined in the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules.

(h) **Redundant provisions**

A number of provisions in the Company's Constitution duplicate existing Corporations Act or ASX Listing Rule requirements and, if the Proposed Constitution is not adopted, will require

amendment to the constitution in the event of legislative or regulatory change. Accordingly, such rules have generally been omitted from the Proposed Constitution.

(i) **Other material information**

A copy of the Company's Constitution is available from the Company's website at www.danakali.com.au/. A copy of the Proposed Constitution will be made available following a request.

Recommendation

The Chair of the Meeting intends to vote undirected proxies in favour of Resolution 8.

The Board recommends that Shareholders vote in favour of Resolution 8. If this Resolution is approved, the Proposed Constitution will be adopted from the close of the Meeting

Resolution 9 – Non-Executive Directors' Remuneration

It is proposed that the fee pool for Non-Executive Directors be increased from A\$400,000 to A\$500,000 per annum (an increase of A\$100,000), with effect from and including the date of the Meeting.

In accordance with the ASX Listing Rules and rule 75 of the Proposed Constitution, the Company must not increase the aggregate fee pool for Non-Executive Directors' remuneration without the approval of Shareholders at a general meeting.

Shareholders last approved an increase to the aggregate Non-Executive Director's remuneration on 17 November 2014.

The total aggregate fixed sum has been determined after reviewing similar companies listed on the ASX.

The Board, as advised by the Remuneration Committee believes that the proposed increase will:

- align the Non-Executive remuneration with current market standards and expectations; and
- enable the Company to continue to attract and retain high calibre Non-Executive Directors.

As required by Listing Rule 10.17, the Company provides the following summary of all Securities issued to Non-Executive Directors under Listing Rule 10.11 or 10.14 with Shareholder approval in the last 3 years:

Date of Shareholder approval	Director	Details of Securities issued
13 May 2016	John Fitzgerald	150,000 shares at an issue price of \$0.22 per share (participation in placement)
13 May 2016	John Fitzgerald	75,000 options (issued pursuant to the participation in placement with an exercise price of \$0.35 expiring on 30 March 2018)
13 May 2016	John Fitzgerald	400,000 remuneration options (with an exercise price the higher of \$0.35 or 30 day VWAP from 13 May 2016 expiring on 13 May 2018)
19 May 2017	John Fitzgerald	250,000 remuneration options (with an exercise price of \$0.94 expiring on 19 May 2020)

19 May 2017	Robert Connochie	500,000 remuneration options (with an exercise price of \$0.94 expiring on 19 May 2020)
19 May 2017	Zhang Jing	100,000 remuneration options (with an exercise price of \$0.94 expiring on 19 May 2020)
13 May 2016	Paul Donaldson	100,000 shares at an issue price of \$0.22 per share (participation in placement)
13 May 2016	Paul Donaldson	50,000 options (issued pursuant to the participation in placement with an exercise price of \$0.35 expiring on 30 March 2018)
13 May 2016	Paul Donaldson	500,000 remuneration options (with an exercise price the higher of \$0.35 or 30 day VWAP from 13 May 2016 expiring on 13 May 2018)
19 May 2017	Paul Donaldson	100,000 remuneration options (with an exercise price of \$0.94 expiring on 19 May 2020)
13 May 2016	Seamus Cornelius*	250,000 shares at an issue price of \$0.22 per share (participation in placement)
13 May 2016	Seamus Cornelius*	125,000 options (issued pursuant to the participation in placement with an exercise price of \$0.35 expiring on 30 March 2018)
13 May 2016	Seamus Cornelius*	500,000 remuneration options (with an exercise price the higher of \$0.35 or 30 day VWAP from 13 May 2016 expiring on 13 May 2018)
4 November 2016	Seamus Cornelius*	750,000 remuneration options (with an exercise price of \$0.55 and expiry date of 4 November 2018)
19 May 2017	Seamus Cornelius*	300,000 remuneration options (with an exercise price of \$0.94 expiring on 19 May 2020)

*Seamus Cornelius, a current Executive Director was issued the above options, when he was Non Executive Director of the Company.

GLOSSARY

\$ means Australian dollars.

Accounting Standards has the meaning given to that term in the Corporations Act.

Additional 10% Placement Capacity has the meaning set out on page 11.

Additional Placement Period has the meaning set out on page 14.

Annual Report means the annual report of the Company for the year ended 31 December 2018.

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 Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor means the Company’s auditor from time to time (if any).

Auditor’s Report means the report of the Auditor contained in the Annual Report for the year ended 31 December 2018.

AWST means western standard time as recognised in Perth, Western Australia.

Board means the Directors.

Chair or Chairman means the individual elected to chair any meeting of the Company from time to time.

Child Entity has the meaning given to that term in the Listing Rules.

Closely Related Party has the meaning given in section 9 of the Corporations Act and includes, in relation to Key Management Personnel of the Company, a spouse, dependent and certain other close family members, as well as companies controlled by key management personnel of the Company.

Company means Danakali Limited ACN 097 904 302.

Constitution means the Company’s constitution up to and as at the date of the Meeting.

Corporate Advisor Shares has the meaning given on page 15.

Corporations Act means *Corporations Act 2001* (Cth).

Directors mean the directors of the Company.

Equity Securities has the same meaning given in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Financial Advisor Shares has the meaning given on page 15.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Key Management Personnel has the meaning given to that term in the Accounting Standards.

Listing Rules means the ASX Listing Rules.

Meeting means the Annual General Meeting convened by the Notice.

Notice means this Notice of Annual General Meeting, as does **Notice of Annual General Meeting**.

Option means an option to acquire a Share in the Company.

Performance Rights means the performance rights in the Company

Proposed Constitution has the meaning given on page 16.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Annual Report for the year ended 31 December 2018.

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.

Shareholder means a member of the Company from time to time.

Shares means fully paid ordinary shares in the capital of the Company.

Spill Meeting has the meaning set out on page 8.

Spill Resolution has the meaning set out on page 8.

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 OPTIONS TO BE ISSUED TO ANDRE LIEBENBERG

- (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 of 140% of the VWAP of the fully paid ordinary shares of the Company on the five days prior to the date of Shareholder approval of the Options (**Exercise Price**).
- (c) The Options will lapse at 5.00 pm, Western Standard Time on 11 May 2020 (**Expiry Date**).
- (d) Each Option is non-transferrable.
- (e) The Options will vest on date of issue.
- (f) 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 Options.
- (g) 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, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
- (h) 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.
- (i) 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.
- (j) The Options shall be exercisable in whole or in part at any time and from time to time until the Expiry Date (**Exercise Period**) by the delivery to the company secretary of one or more notices in writing (each a **Notice**) stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and payment to the Company of an amount in cleared funds equal to the Exercise Price multiplied by the number of Options.

The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.

- (k) The Company shall as soon as practicable, and no later than 10 business days of exercise of the Options:
 - (i). take steps so that any offer of Shares for sale within 12 months of their issue will not require disclosure under section 707(3) of the Corporations Act 2001 (Cth); and
 - (ii). allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number.
- (l) The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE B

TERMS AND CONDITIONS OF OPTIONS TO BE ISSUED TO SEAMUS CORNELIUS

- (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 of 143% of the VWAP of the fully paid ordinary shares of the Company on the 30 days prior to the date of grant of the Options (**Exercise Price**).
- (c) The Options will lapse at 5.00 pm, Western Standard Time on the date 3 years from date of grant of the Options (**Expiry Date**).
- (d) Each Option is non-transferrable.
- (e) Subject to (f) and (g), the Options shall vest and become exercisable on the date 1 year from the date of grant of the Options, conditional on the holder remaining employed by the Company at that date.
- (f) Options shall immediately vest if the Company is subject to:
 - (i). a successful on or off market takeover offer where either:
 - (A). the bidder acquires greater than 50% of the shares in the Company; or
 - (B). if the offer is recommended by the Board the conditions for the offer are met; or
 - (ii). if there is a transaction at the Colluli Mining Share Company (CMSC) level, it needs to be a transaction where the Company sells 50% or more of its interest in CMSC.
- (g) Should the holder cease employment or engagement by the Company:
 - (i). any unexercised Options that have not vested as at the date of cessation of employment or engagement with the Company shall lapse immediately; and
 - (ii). any unexercised Options that have vested as at the date of cessation of employment or engagement with the Company will be retained by the holder.
- (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) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (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) The Options shall be exercisable in whole or in part at any time and from time to time until the Expiry Date (**Exercise Period**) by the delivery to the company secretary of one or more notices in writing (each a **Notice**) stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and payment to the Company of an amount in cleared funds equal to the Exercise Price multiplied by the number of Options. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.

- (l) The Company shall as soon as practicable, and no later than 15 business days of exercise of the Options, allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number.
- (m) The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.



DANAKALI
Danakali Limited
 ABN 56 097 904 302

DNK

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030



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
 (outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
 (custodians) www.intermediaryonline.com

For all enquiries call:
 (within Australia) 1300 850 505
 (outside Australia) +61 3 9415 4000

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: 999999

SRN/HIN: I9999999999 PIN: 99999

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) on Saturday, 25 May 2019

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** ➔

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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.



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I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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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 Level 30, 108 St Georges Terrace, Perth, Western Australia on Monday, 27 May 2019 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 and 9 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4, 5 and 9 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 and 9 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	Non Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7b	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of John Fitzgerald as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Resolution 3	Re-election of Robert Connochie as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Options to Andre Liebenberg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Options to Seamus Cornelius	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Resolution 6	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Resolution 7a	Ratification of prior issue of 356,049 Shares to Numis Securities Limited	<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 / /