



DANAKALI

Danakali Ltd
Level 1, 234 Churchill Avenue
Churchill Court, Subiaco
Perth, Western Australia, 6008
Tel: +61 8 6315 1444
www.danakali.com.au

15 November 2017

Hayley Pratt
Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

By email: Hayley.Pratt@asx.com.au

Dear Ms Pratt,

RESPONSE LETTER TO ASX: DANAKALI LIMITED APPENDIX 3Y – CHANGE OF DIRECTOR'S INTEREST NOTICE

We have received your letter dated 14 November 2017 in relation to the Company's announcement lodged with ASX on 13 November 2017 regarding a change in director's notice for Seamus Cornelius (**Appendix 3Y**). The Appendix 3Y included disclosure of a change in Seamus Cornelius' notifiable interest that occurred during July 2014, being the on-market purchase of 5,138 shares for \$822.

In response to your questions we advise as follows:

1. Please explain why the Appendix 3Y was lodged late.

The Appendix 3Y was lodged late due to an inadvertent administrative oversight where an Appendix 3Y was not lodged when the shares were purchased. A variance was identified by directly comparing the Director's last notified interest to the Company's share register. Upon discovery of the oversight, an Appendix 3Y was prepared and lodged immediately.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

The Company and the Directors are aware of their obligations under ASX Listing Rule 3.19A. Each Director is made aware upon joining the Board of their obligations to the Company regarding details of any changes in their notifiable interests.

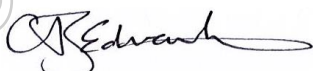
The Company has developed and lodged with ASX a Code for Dealing in Danakali Securities (**Securities Trading Policy**) to assist Directors and Officers to comply with their disclosure obligations. The Securities Trading Policy includes the requirement that all Directors promptly disclose to the Company Secretary all the information required by the ASX, such that the Company may comply with its requirement to notify the ASX within 5 business days after any such dealings occur.

3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

The Company is aware of its obligations and confirms that its current practices are adequate and the late lodgement of the Appendix 3Y in question was an unfortunate irregularity.

We trust the responses given address your concerns.

Yours faithfully,



Ms Catherine Grant-Edwards
Joint Company Secretary



14 November 2017

Ms Melissa Chapman & Ms Catherine Grant-Edwards
Danakali Limited
PO Box 970
WEST PERTH WA 6872

By email: cath@bellatrixcorp.com.au / mel@bellatrixcorp.com.au

Dear Ms Chapman and Ms Grant-Edwards

Danakali Limited Appendix 3Y – Change of Director's Interest Notice

We refer to the following:

The Company's announcement lodged with ASX Ltd ("ASX") on 13 November 2017 regarding a change of director's interest notice for Seamus Cornelius ("Appendix 3Y").

Listing rule 3.19A which requires an entity to tell ASX the following:

3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times:*

- *On the date that the entity is admitted to the official list.*
- *On the date that a director is appointed.*

The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*



3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

As the Appendix 3Y indicates that a change in Seamus Cornelius' notifiable interest occurred on 16 July 2014, the Appendix 3Y should have been lodged with the ASX by 23 July 2014. As the Appendix 3Y was lodged on 13 November 2017 it appears that the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail to Hayley.Pratt@asx.com.au. It should not be sent to ASX Market Announcements.

A response is requested as soon as possible and, in any event, not later than **3:00 pm WST on Friday 17 November 2017**.



ASX

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked.

If you have any queries or concerns, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Hayley Pratt

Adviser, Listings Compliance (Perth)

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