DANAKALI

Board Charter

Role of the Board

The role of the Board is to govern Danakali Ltd (Company) in accordance with all applicable law and primarily through the establishment and regular review of Company strategic objectives and governance policies and procedures.

The CEO (or equivalent) is responsible for management of the Company to ensure that in its operations it complies with all relevant laws, pursues the Company strategic objectives in a timely and cost-effective manner and complies with governance policies and procedures as established by the board. The CEO (or equivalent) is required to report to the board on any material issues arising in the Company's operations and otherwise as requested by the board.

The board acting through its chairman together with the chair of the board remuneration committee should establish appropriate procedures for reviewing the performance of the CEO (or equivalent) and in consultation with the CEO (or equivalent) agree appropriate procedures for reviewing the performance of other senior members of the executive management team reporting to the CEO (or equivalent).

The matters reserved specifically for the Board include:

- establishing the Company's vision, mission and values;
- setting Company strategy and structure; and
- exercising accountability and reporting to shareholders.

Powers of the Board and Delegation of Authority

In order to ensure the efficient management of the Company the Board may within the limits of applicable law delegate certain elements of its powers to the CEO (or equivalent), a committee of the Board, an individual director or to an officer or employee of the company. In delegating any power the Board must be satisfied that the delegate will exercise it reliably and competently and in accordance with the requirements of the Board. The Board accepts responsibility for the manner in which the delegated powers are exercised and must monitor the efficiency and effectiveness of the exercise of these powers by the delegate.

The Board delegates responsibility for the day-to-day management of the Company and its operations to its CEO (or equivalent) and senior management reporting to the CEO (or equivalent).

Role of Senior Management

Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be part of senior management. The role of senior management is to progress the strategic direction provided by the Board. In particular, the CEO (or equivalent), is responsible for the day-to-day activities of the Company in advancing the strategic direction.

Responsibilities of the Board

The Board is collectively responsible for promoting the success of the Company by:

- overseeing the Company, including its control and accountability systems;
- appointing the CEO (or equivalent), for a period and on terms as the directors see fit and, where appropriate, removing the CEO, (or equivalent);
- ratifying the appointment and, where appropriate, the removal of senior executives, including the chief financial officer and the company secretary;

- evaluating the performance of the CEO (or equivalent) and in cooperation with the CEO (or equivalent) of his direct reports in senior management;
- approving the Company's policies on risk oversight and management, internal compliance and control, Code of Conduct, and legal compliance;
- satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting and reviewed the effectiveness of the operation of that system;
- assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate;
- monitoring, reviewing and challenging senior management's performance and implementation of strategy;
- ensuring appropriate resources are available to senior management;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- monitoring the financial performance of the Company;
- ensuring the integrity of the Company's financial (with the assistance of the Audit and Risk Committee, if applicable) and other reporting through approval and monitoring;
- providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- appointing the external auditor (where applicable, based on recommendations of the Audit and Risk Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- engaging with the Company’s external auditors and Audit and Risk Committee;
- monitoring compliance with all of the Company's legal obligations and obligations relating to the environment;
- promoting ethical and responsible decision making, consistent with maintaining the Company’s social
- licence to operate;
- monitoring compliance with obligations relating to occupational health and safety; and
- making regular assessment of whether each non-executive director is independent.

The Board may not delegate its overall responsibility for the matters listed above. However, it may delegate to senior management the responsibility of the day-to-day activities in fulfilling the Board's responsibility provided those matters do not exceed the Materiality Threshold as defined below.

Directors are encouraged to request information from the CEO (or equivalent) and through the CEO (or equivalent) from other members of senior management where they consider such information necessary to make informed decisions. The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. It is usual practice for the Board to meet formally at least six times a year.

Responsibilities of the Chair

The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chair is also responsible for shareholder communication and arranging Board performance evaluation.

The Chair should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between the board and senior management. Any other position which the Chair may hold either inside or outside the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of the Company.

Responsibilities of Non-Executive and/or Independent Directors

The Board determines whether each of the non-executive directors of the Company is independent on a regular basis. The Board recognises the importance of the appropriate balance between independent and non- independent representation on the Board. In making this determination, the Board takes into account the skills and experience required in the context of the Company's operations and activities. The independent directors may meet without other directors present, if appropriate. The non-executive directors may meet without senior management present from time to time. Such meetings may be facilitated by the Chair or the lead independent director, as appropriate.

Definition of Director Independence

An independent Director is a non-executive Director (i.e. is not a member of management) and:

- holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5% of the voting shares of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a partner, director or senior employee of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- within the last three years has not been in a material business relationship, is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with someone with such a relationship;
- has no material contractual relationship with the Company or another group member other than as a Director;
- has no close family ties with any person who falls within any of the categories described above;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially
- interfere with the Director’s ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director’s ability to act in the best interests of the Company. The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director’s specific circumstances, rather than referring to a general materiality threshold.

Responsibilities of the CEO (or equivalent)

The CEO (or equivalent) is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out their responsibilities the CEO (or equivalent) must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other matter that is likely to have to fall within the Materiality Threshold.

All reports to the Board must present a true and fair view of the Company's financial condition and operational results. The CEO (or equivalent) is also responsible for appointing and, where appropriate, removing senior executives, including the chief financial officer and the company secretary, with the approval of the Board.

Responsibilities of Senior Management

Senior Management is responsible for supporting the CEO (or equivalent) and assisting the CEO (or equivalent) to implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. Senior Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the CEO (or equivalent) or, if the matter concerns the CEO (or equivalent), then directly to the Chair or the lead independent director, as appropriate.

Directors and Officers

Individual directors should devote the necessary time to the tasks entrusted to them. All directors should consider the number and nature of their directorships and calls on their time from other commitments. Directors and officers of the Company should be aware of their legal obligations.

Directors must comply with all policies established by the Board.

Formality of Appointment

Directors should be appointed pursuant to formal agreements. The expectations for time to be committed, and involvement in Committees and other activities of the company should be set out in writing.

Board Committees

The Board may establish, as required, standing and temporary committees to which it may delegate some of its powers.

The Board will have the following standing committees:

- Audit and Risk; and
- Remuneration and Nomination.

The role, responsibility, powers, structure, composition, operation and administration of each committee is defined in the respective committee charter.

Each Committee should report to the Board, as it considers appropriate having regard to matters and issues of significance that may arise, but in any case at least annually.

The minutes of all committee meetings should be included in the Board pack of directors for each Board meeting, except where the Chair considers it inappropriate due to potential conflicts.

Access to Advice

All Directors have unrestricted access to company records and information except where the Board determines that such access would be adverse to the Company's interests.

The Board, Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

Indemnity and Insurance

Each Director has entered into a deed with the Company under which the Company has agreed to:

- indemnify the Director against the liability to third parties arising out of the discharge of the Director's duties;
- provided cover can be obtained at reasonable rates and on reasonable terms, to maintain an insurance policy for the Director against liability incurred in their capacity as a Director; and
- provide access to company material as required for proper purposes.

Materiality Threshold

The Board has agreed on the following guidelines for assessing the materiality of matters:

Materiality – Quantitative

Balance sheet items

- Balance sheet items are material if they have a value of more than 10% of pro-forma net assets.

Profit and loss items

- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.

Materiality – Qualitative

Items are also material if:

- they impact on the reputation of the Company;
- they involve a breach of applicable law;
- they are outside the ordinary course of business;
- they could affect the Company's rights to its assets;
- if accumulated they would trigger the quantitative tests;
- they involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items; or
- they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Material Contracts

Contracts will be considered material if:

- they are outside the ordinary course of business;
- they contain exceptionally onerous provisions in the opinion of the Board;
- they impact on income or distribution in excess of the quantitative tests;

- there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests;
- they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- they are between or for the benefit of related parties; or
- they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold (Materiality Threshold).

Seamus Cornelius, Non-Executive Chairman

Approved by: Board of Directors

Date: 9 August 2023