



## Danakali signs joint venture agreement with prominent Saudi Arabian group

### Highlights

- Danakali executes a joint venture agreement with Massadir Al-Zamrda for Mining in the Kingdom of Saudi Arabia.
- The joint venture company will focus on exploring prospective mineral projects in Saudi Arabia.
- Danakali to hold an 80% interest in the joint venture company.

Danakali Limited (NSX: DNK) (**Danakali** or **Company**) announces that it has entered into a joint venture agreement to explore mineral resources in the Kingdom of Saudi Arabia.

### Joint Venture Agreement

Danakali's wholly owned subsidiary, Danakali (KSA) Pty Ltd has signed a joint venture agreement with Massadir Al-Zamrda for Mining (**Emerald**), a company incorporated under the laws of the Kingdom of Saudi Arabia (**Joint Venture Agreement**), which will govern the formation, management and operation of a limited liability to be established in the Kingdom of Saudi Arabia to explore for prospective mineral projects in Saudi Arabia, in which Danakali will hold an 80% interest and Emerald will hold a 20% interest (**JV Company**).

The key terms and conditions of the Joint Venture Agreement are set out in the Appendix to this announcement.

### *Emerald's contributions*

Emerald will leverage its extensive relationships in Saudi Arabia to identify and introduce potential mining exploration opportunities to the JV Company. Emerald will coordinate the generation of opportunities and carry out business development activities in Saudi Arabia as requested by Danakali or the JV Company. Additionally, Emerald will identify exploration licenses, which could be developed into an operational mine if the land qualifies as a "Designated Development Project" (being an area identified by Danakali which has reasonable prospects for development based on the results of the exploration operations of the JV Company).

### *Danakali's Contribution*

Upon securing an appropriate exploration licence acceptable to Danakali (which is intended to be achieved within 12 months of execution of the Joint Venture Agreement), Danakali and Emerald will establish a JV Company in Saudia Arabia. Danakali will contribute US\$4 million



for establishment costs, initial exploration program(s) and evaluation costs. It is intended that Danakali will provide the technical and commercial mining expertise, lead the evaluation assessments of potential exploration areas, and spearhead the development of technical, commercial, and financial plans.

Danakali will now commence a thorough evaluation of the exploration areas identified by Emerald. This evaluation will involve an in-depth assessment of the geological potential, resource availability, and strategic value of each site to determine their viability for further exploration.

### ***Exploration and Development***

Once the agreed exploration licences have been granted to the JV Company, Danakali will proceed to design and implement a comprehensive exploration program(s), tailored to the specific characteristics and potential of the licensed areas. The exploration strategy will encompass geological surveys, sampling, drilling, and other necessary exploration activities to assess the mineral prospects. The timing, scope, and objectives of this program will be carefully developed to maximise the potential for discovering commercially viable mineral deposits.

### ***Strategic Goal***

Danakali's exploration efforts will be guided by its technical expertise and a commitment to efficient resource development. The outcomes of the initial exploration phase will inform subsequent decisions on how best to advance the project, including funding, potential further investment, resource estimation, and long-term development planning.

Danakali Chairman, Seamus Cornelius, said the JV with Emerald represented a significant step forward for the Company as it embarks on its new project development strategy.

"We see enormous prospectivity in Saudi Arabia's emerging hard rock minerals provinces and the link with Emerald gives Danakali access to the right people and the right opportunities. Emerald is the right partner for us as our strategic business interests are aligned. Our skills and experience are complimentary, and we look forward to working together to identify, explore, finance and develop suitable projects."

"Danakali has demonstrated it is adept at developing projects in emerging resources markets where there are great opportunities for those who take the right approach, including being deeply respectful of local laws and traditions."

"We are excited by the opportunities in Saudi Arabia and across the Red Sea and look forward to get started in pursuing several identified opportunities."



## Why Saudi Arabia

Investment in Saudi Arabia offers access to the largest economy in the Middle East and North Africa. With a growing market of 35 million people, the Kingdom of Saudi Arabia is rapidly expanding its private sector, guided by its “Vision 2030” initiative.

Establishing Saudi Arabia as the world’s next “mineral hub” is one of the pillars of Saudi Arabia’s industrial growth strategy. Through collaboration with ministries, government agencies and the private sector, Vision 2030 is aimed at unlocking new opportunities for mining companies across the country.

Saudi Arabia has a variety of metallic and non-metallic resources, some of which are world scale. Most metallic-mineral resources are located in the Arabian Shield, in the Western half of the country. Danakali's interest in the geological formations along the Red Sea spans both Saudi Arabia and Eritrea, where Danakali successfully developed and exited the Colluli Potash Project.

Danakali is looking to leverage its expertise and track record in the region. This potential is reinforced by strong interest from the Saudi Arabian financing sector, which is eager to gain exposure to the fast-growing hard rock minerals sector in both Saudi Arabia and Africa.

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

For more information, please contact:

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## Appendix: Key terms and conditions of the Joint Venture Agreement

Parties	Danakali (KSA) Pty Ltd ( <b>Danakali</b> ) and Massadir Al-Zamrda for Mining ( <b>Emerald</b> ) (together, <b>the Shareholders</b> )
Business	The JV Company's business will be that of undertaking exploration and exploitation of the land which will be regulated under the exploration license(s) granted to the JV Company.
Formalities and Timing	<p>The parties will take any and all actions and to sign any and all documents which may be necessary under applicable law to finalise the formation of the JV Company as soon as possible following the date of JV Agreement (the <b>Formalities</b>) and in any event no later than 12 months (unless extended) from the date of executing the JV Agreement (<b>Long Stop Date</b>), including without limitation any of the following actions which may be necessary:</p> <ul style="list-style-type: none"><li>• Emerald shall identify and make available the area of land regulated under the exploration license for the JV Company (<b>Land</b>);</li><li>• each party obtaining all necessary corporate and shareholder approvals required to perform its obligations in connection with the Joint Venture Agreement;</li><li>• following completion of the above, and the Land being acceptable to Danakali, the parties will obtain all necessary approvals and licences, issue the commercial registration certificate of the JV Company and cause the JV Company to be recorded in the commercial register at the Ministry of Commerce of the Kingdom.</li></ul> <p>The Shareholder's may agree to waive any of the Formalities in whole or in part at any time on or before the Long Stop Date.</p>
Management of the JV Company	<p>The JV Company shall be managed by a Board which shall be responsible for the overall direction, supervision and management of the JV Company and the Business save in respect of those matters which are specifically reserved for the shareholders in the Joint Venture Agreement or under applicable law.</p> <p>Unless otherwise agreed in writing by the Shareholders, the number of directors during the term of the Joint Venture Agreement shall be three which shall be made up of:</p> <ul style="list-style-type: none"><li>• two directors that shall be appointed by Danakali; and</li><li>• one director that shall be appointed by Emerald.</li></ul> <p>The Chair of the Board shall be appointed by Danakali.</p>
Technical Committee	<p>The Board shall establish a Technical Committee, which will be responsible for all technical aspects of the JV Company. The Technical Committee shall consist of three members (who may also be directors):</p> <ul style="list-style-type: none"><li>• two nominated by Danakali; and</li><li>• one nominated by Emerald.</li></ul> <p>The Board may remove and replace members of the Technical Committee at any time.</p> <p>The Board shall determine the powers and authorities required for the Technical Committee and shall delegate all powers necessary to give full effect to such powers and shall execute appropriate resolutions to such effect.</p>



	The Chair of the Technical Committee will be appointed by Danakali.
Shareholder Obligations	<p>Danakali will:</p> <ul style="list-style-type: none"><li>• contribute the Minimum Commitment;</li><li>• assist the JV Company with its technical and commercial mining expertise;</li><li>• undertake an evaluation of potential exploration areas; and</li><li>• take the lead on assisting the Company with technical, commercial and financial plans.</li></ul> <p>Emerald will:</p> <ul style="list-style-type: none"><li>• assist with finding the Land to be made available to the JV Company;</li><li>• use best efforts to bring as many potential mining exploration opportunities as possible to the JV Company;</li><li>• coordinate the generation of business development and undertake business development activities as requested by the JV Company or Danakali; and</li><li>• provide the Company with such support and access to its experience, expertise and know-how, as the Technical Committee shall reasonably request to support the Business.</li></ul>
Minimum Commitment	Subject to Emerald's compliance with its obligations under the Joint Venture Agreement, Danakali will contribute US\$4,000,000 for use on corporate overheads (including establishments costs), exploration and evaluation costs.
Future Funding	Following the satisfaction of the Minimum Commitment, the parties shall fund in accordance with the Board approved annual budget.
Term and Termination	<p>Save as otherwise provided in the Joint Venture Agreement, the Joint Venture Agreement shall continue until the earliest of:</p> <ul style="list-style-type: none"><li>• five years from the date of the Joint Venture Agreement, unless the JV Company is progressing a Designated Development Project;</li><li>• the date on which each party agrees in writing to terminate the Joint Agreement upon at least 30 days prior written notice to the other party;</li><li>• the date on which all of the JV Company shares are owned by one Shareholder (together with any and all associated companies);</li><li>• the dissolution and liquidation of the JV Company; or</li><li>• the date on which the JV Company is wound up pursuant to applicable law.</li></ul>
Other terms	The Joint Venture Agreement contains other customary terms considered standard for an agreement of this nature, including Shareholder and Board meetings, Shareholder reserved matters, budget, deadlock, transfers and dispute resolution provisions.