



NSX Release

31 January 2025

Quarterly Report

For the period ended 31 December 2024

Highlights

- Danakali shares successfully quoted on the NSX on 19 December 2024 and resumed trading
- Ms Chinekwu Duru was appointed as a Non-Executive Director of the company, replacing her colleague at Africa Finance Corporation, Mr Taiwo Adeniji who resigned
- Advancing new opportunities in Saudi Arabia through joint venture agreement with prominent Saudi Arabian group
- Concluded 2024 with a strong cash balance of \$31.2m, after returning \$162m cash to shareholders and net cash outflow of just \$141,000 for the full year's operations

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

Listing on NSX

During the quarter, the Company successfully transitioned to the National Stock Exchange of Australia (**NSX**) from the Australian Securities Exchange (ASX). The Company's securities were quoted on the NSX on 19 December 2024, bringing to an end an extended period during which the Company's shares were suspended, notwithstanding its strong cash position, program of new project development, and track record of delivering \$162m in cash returns to shareholders.

Board Changes

Mr Taiwo Adeniji resigned as a Non-Executive Director of the Company effective 31 December 2024, following retirement from his role at African Finance Corporation (**AFC**).

Subsequently, Ms Chinekwu Duru was appointed as a Non-Executive Director of the Company effective 13 January 2025 as the nominee of AFC, a long-standing substantial shareholder of Danakali.

Corporate Development

Danakali continued its corporate development activities to evaluate suitable projects to grow the Company in line with its vision of being a leading exploration and development company in Australia and the Arabian-Nubian Shield (with a focus on Eritrea and Saudi Arabia) in precious and critical resources sector.



Saudi-Arabia Opportunities

Danakali continued to engage with its advisors in Riyadh in securing exposure to this emerging mineral province, with a particular focus on gold, copper and battery metals.

Subsequent to the quarter end, Danakali entered into a joint venture agreement to explore mineral resources in the Kingdom of Saudi Arabia.

The Company'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. The JV will govern the formation, management and operation of a limited liability to be established in Saudi Arabia to explore for prospective mineral projects in the country, and in which Danakali will hold an 80% interest and Emerald will hold a 20% interest (**JV Company**).

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 the JV Company in Saudi 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 has commenced a thorough evaluation of the initial exploration areas identified by Emerald. This evaluation involves an in-depth assessment of the geological potential, resource availability, and strategic value of each site to determine their viability for further exploration.

Refer to NSX Announcement dated 15 January 2025 for further details.



Capital

Cash

Danakali concludes the year with a strong cash balance of \$31.2 million, after returning \$162 million to shareholders and incurring a net cash outflow of just \$141,000 for the full year's operations

Consolidated cash on hand was A\$31.2 million on 31 December 2024. Please refer to the Statement of Cash Flows for the quarter.

Securities

As at 31 December 2024, there were 368,334,346 fully paid ordinary shares on issue. No shares were issued during the quarter.

As at 31 December 2024, there are 10,000,000 options on issue.

There were no movements in the number of options on issue during the quarter.

Related Party Transactions

Payments to related parties of the Company and their associates during the quarter totalled \$139,000 in relation to Director fees and remuneration.

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

Upcoming Planned Activity

Saudi-Arabia

Identify and assess prospective areas that align with our strategic objectives for resource exploration. Conduct thorough geological and regulatory evaluations to determine the viability of these areas, ensuring they offer long-term growth potential and align with our business goals. Engage with relevant authorities and stakeholders to navigate the application process efficiently, securing the necessary exploration licenses while adhering to all regulatory requirements and industry best practices.

Eritrea

We have scheduled an in-country visit to Eritrea to explore other potential opportunities in the resource exploration sector. This visit will focus on identifying potential exploration prospects and strengthening our engagement with relevant stakeholders regarding the Ela Gedel application.



Other Business Development

Investigate and evaluate other mineral exploration and development opportunities in line with our strategic objectives.

Capital Structure

Implement a structured opt-out share buyback program for shareholders holding unmarketable parcels of shares. This initiative will offer eligible shareholders the opportunity to sell their small holdings back to the company at a fair and transparent price, reducing administrative costs and improving overall shareholder value. The program will be designed to be simple and efficient, ensuring compliance with regulatory requirements while offering shareholders with a small holding a convenient exit option without the need for brokerage fees or market complexities.

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

For more information, please contact:

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Forward looking statements and disclaimer

The information in this document is published to inform you about DNK and its activities. DNK has endeavoured to ensure that the information enclosed is accurate at the time of release, and that it accurately reflects the Company's intentions. All statements in this document, other than statements of historical facts, that corporate transactions and events or developments that the Company expects to occur, are forward looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual events may differ materially from those in forward-looking statements.

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

Quarterly Report

Name of entity

DANAKALI LIMITED

ABN

57 097 904 302

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(362)	(1,805)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(521)	(1,757)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	661	3,777
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) ¹	(3)	(74)
Net operating cash flows	(225)	141
¹ <i>Exploration & Evaluation</i>		

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(225)	141
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	-	-
Net investing cash flows		
1.14 Total operating and investing cash flows	(225)	141
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	(57,637)
1.20 Other- Payment for share buyback	-	(104,430)
Net financing cash flows	-	(162,067)
Net increase (decrease) in cash held	(225)	(161,926)
1.21 Cash at beginning of quarter/year to date	31,407	193,108
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	31,182	31,182

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	139
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments included in 1.24 relates to payment of director fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	733	740
4.2	Deposits at call	30,449	30,667
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		31,182	31,407

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	-	-
5.2	Place of incorporation or registration	-	-
5.3	Consideration for acquisition or disposal	-	-
5.4	Total net assets	-	-
5.5	Nature of business	-	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to NSX.
- 2 This statement does give a true and fair view of the matters disclosed.

Approved by: The Audit & Risk Committee

Date: 31 January 2025

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** NSX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.