



DANAKALI

DANAKALI LIMITED

ABN 56 097 904 302

FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2024

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2023 and any public announcements made by Danakali Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Corporate Information

Directors

Seamus Cornelius	(Executive Chairman)
Paul Donaldson	(Non-Executive Director)
Zhang Jing	(Non-Executive Director)
Taiwo Adeniji	(Non-Executive Director)
Jon Coates	(Non-Executive Director)

Joint Company Secretaries

Catherine Grant-Edwards
Melissa Chapman

Executive Management

Greg MacPherson (Chief Financial Officer)

Registered Office & Principal Place of Business

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NORTH PERTH WA 6006

Auditors

Hall Chadwick
283 Rokeby Road
SUBIACO WA 6000

Share Register (Australia)

Computershare Investor Services Pty Limited
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PERTH WA 6000
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Telephone: +61 (0)3 9415 4000 (Outside Australia)
Facsimile: +61 (0)3 9473 2500
www.computershare.com

Website

www.danakali.com.au

Stock Exchange Listing

Danakali Limited Shares are listed on the Australian Stock Exchange (ASX:DNK).

Contents

	Page
Directors' Report	3
Auditor's Independence Declaration	6
Condensed Statement of Profit or Loss and Other Comprehensive Income	7
Condensed Statement of Financial Position	8
Condensed Statement of Changes in Equity	9
Condensed Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11
Directors' Declaration	17
Independent Auditor's Review Report to the Members	18

Directors' Report

Your directors submit their report together with the consolidated financial statements of the consolidated entity, being Danakali Limited (**Danakali** or the **Company**) and its controlled entities (the **Group**) for the half year ended 30 June 2024.

DIRECTORS

The names of the directors who held office during the half year are:

- Seamus Cornelius (Executive Chairman)
- Paul Donaldson (Non-Executive Director)
- Zhang Jing (Non-Executive Director)
- Taiwo Adeniji (Non-Executive Director)
- Jon Coates (Non-Executive Director) (Appointed 24 April 2024)

The Directors held their positions throughout the entire half year period and up to the date of this report unless stated otherwise.

PRINCIPAL ACTIVITIES

The company is seeking new opportunities in line with its vision to become a leading exploration and development company in Australia and Africa, driving sustainable growth, technological innovation, and responsible resource management. The company also undertook distribution of capital returns & dividends to shareholders during the half year.

REVIEW AND RESULTS OF OPERATIONS

The net loss after tax of the Group for the half-year ended 30 June 2024 amounted to \$752,006 (30 June 2023: profit \$131,633,883). The cash flow statement reflects a decrease of cash amounting to \$153,823,603 (30 June 2023: increase \$153,419,024), which includes non-recurring expenses related to the disposal of the Colluli Project and distribution to shareholders amounting to \$155,139,173. The net effect results in an actual cash increase for the period amounting to \$1,315,570. Total consolidated cash on hand at the end of the period was \$39,274,852 (31 December 2023: \$193,109,430).

REVIEW OF OPERATIONS

Distribution to Shareholders

On 8 January 2024, the company completed a distribution of 42 cents per share to shareholders flowing from the 2023 sale of the company's stake in the Colluli Potash Project in Eritrea. The shareholders approved a further 2 cents per share return of capital and dividends to shareholders at the AGM held on the 31 May 2024 for shareholder record date of 1 July 2024.

ASX Suspension

The Company's securities were suspended from quotation on the Australian Stock Exchange (ASX) following the disposal of CMSC. The ASX determined that Danakali's operations were no longer adequate to warrant the continued quotation of its securities and therefore in breach of Listing Rule 12.1. The suspension will continue until Danakali is able to demonstrate compliance with Listing Rule 12.1 of the listing rules (*DNK Announcement 3 April 2023*).

The Company is actively engaging with the ASX with regards to its suspension and continues to engage with it on the company's corporate development activities to acquire and develop new business opportunities to meet the requirements of Listing Rule 12.1.

Corporate Development

Danakali continues with its corporate development activities to investigate suitable projects to grow the company in line with its vision of being a leading exploration and development company in Australia and Africa's critical resources sectors, driving sustainable growth, technological innovation, and responsible resource management.

The corporate development strategy is fully aligned with meeting the requirements of Listing Rule 12.1 to return to official quotation upon application to ASX.

Directors' Report

CORPORATE

Board and Management Changes

On 24 April 2024, Jon Coates was appointed as a director of the company (*DNK Announcement 24 April 2024*).

There were no other changes to the Board or management during the period. Into the future, the composition and size of the Board will be determined by the Company's operations and the skills and experience needed to protect and enhance shareholder value.

Ordinary Shares

No shares were issued during the period.

As at 30 June 2024, there was a total of 368,334,346 fully paid ordinary shares on issue.

Options

There were no unlisted options exercised or expired during the period.

As at 30 June 2024, there was a total of 10,000,000 unlisted options on issue at various exercise prices and expiry dates.

Performance Rights

There were no performance rights vested and converted into shares during the period.

As at 30 June 2024, there was no performance rights outstanding.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group.

RISK MANAGEMENT

The Company has established a Risk Management Policy which outlines the Board's expectations in relation to risk management, responsibilities, risk management objectives, and the principles of its risk management framework.

The Board, through the Audit and Risk Committee, is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of those systems.

The Audit and Risk Committee continues to work closely with management to assess, monitor and review business risks and to carry out assessments of internal controls and processes for improvement opportunities. In support of this, the Committee receives reports from management on new and emerging risks and related controls and mitigation measures that management have implemented.

Directors' Report

A summary of the material business risks of the Company is set out in the below table.

RISK	MITIGATION / CONTROL
Financial Risks	
Operational risk could lead to financial loss due to a failure of internal controls within the company, technological failures, mismanagement, human error, or lack of employee training.	The Company has implemented appropriate capital, financial and treasury management processes and procedures to monitor and manage its cash resources.
Compliance Risks	
ASX continue to determine that Danakali's operations are no longer adequate to warrant the continued quotation of its securities and therefore in breach of Listing Rule 12.1.	The Company is actively engaging with the ASX with regards to its suspension and continues to engage with it on the company's corporate development activities to acquire and develop new business opportunities to meet the requirements of Listing Rule 12.1.
Operation Risks	
New business opportunity adversely affects the Groups performance.	The Company has in place appropriate merger and acquisition processes and procedures to engage and assess new business opportunities.
The Group is reliant on several key personnel. The loss of one or more of its key personnel could have an adverse impact on the business of the Group	The Company has developed succession plans to reduce the exposure to the loss of any key personnel. In addition, incentive plans have been implemented.
Health & Safety	
Health event that could impact the employee wellbeing or disrupt business continuity.	The Company has developed a business continuity plan in the event of a business interruption event and developed various controls to limit the impact of a Pandemic.

EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 8 July 2024, \$7.3 million was distributed to shareholders comprising of \$3.4 million unfranked dividend and \$3.9 million capital return. This payout was from the excess cash reserves derived from the 2023 sale of the Group's interest in Colluli Mining Share Company (CMSC).

There are no events subsequent to 30 June 2024 and up to the date of this report that would materially affect the operations of the Group or its state of affairs which have not otherwise been disclosed in this financial report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out separately in this report.

This report is made in accordance with a resolution of directors.



Seamus Cornelius
EXECUTIVE CHAIRMAN
Perth, 23 August 2024

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the review of the financial statements of Danakali Limited for the half year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,


HALL CHADWICK WA AUDIT PTY LTD


MARK DELAURENTIS CA
Director

Dated this 23rd day of August 2024
Perth, Western Australia

Condensed Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF YEAR ENDED 30 JUNE 2024

	Notes	Half Year Ended	
		30 June 2024	30 June 2023
		\$	\$
CONTINUING OPERATIONS			
REVENUE			
Interest Income	4	874,555	1,573,764
Sundry Income		-	87,372
EXPENSES			
Foreign exchange loss		(10,975)	(87,953)
Depreciation expense		(8,495)	(2,577)
Administration expenses	5	(1,607,091)	(1,805,996)
LOSS BEFORE INCOME TAX		(752,006)	(235,390)
Income tax expense		-	-
NET LOSS FOR THE PERIOD		(752,006)	(235,390)
DISCONTINUED OPERATIONS			
Profit after tax for the period from discontinued operations	7	-	131,869,273
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD		(752,006)	131,633,883
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic (loss)/profit per share (cents per share)		(0.20)	35.74
Diluted (loss)/profit per share (cents per share)		(0.20)	34.39
Earnings per share for continuing operations:			
Basic loss per share (cents per share)		(0.20)	(0.06)
Diluted loss per share (cents per share)		(0.20)	(0.06)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Condensed Statement of Financial Position

AS AT 30 JUNE 2024

	Notes	30 June 2024 \$	31 December 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		39,274,852	193,109,430
Trade and other receivables	8	522,022	2,264,324
Prepayments		-	165,982
TOTAL CURRENT ASSETS		39,796,874	195,539,736
NON-CURRENT ASSETS			
Plant and equipment		1,032	9,526
TOTAL NON-CURRENT ASSETS		1,032	9,526
TOTAL ASSETS		39,797,906	195,549,262
CURRENT LIABILITIES			
Trade and other payables	9	167,682	488,196
Provisions		205,530	184,280
TOTAL CURRENT LIABILITIES		373,212	672,476
NON-CURRENT LIABILITIES			
Provisions		64,368	64,029
TOTAL NON-CURRENT LIABILITIES		64,368	64,029
TOTAL LIABILITIES		437,580	736,505
NET ASSETS		39,360,326	194,812,757
EQUITY			
Issued capital	10	35,250,001	135,716,735
Reserves	11	1,244,959	1,244,959
Accumulated losses	12	2,865,366	57,851,063
TOTAL EQUITY		39,360,326	194,812,757

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Condensed Statement of Changes in Equity

FOR THE HALF YEAR ENDED 30 JUNE 2024

			Reserves			
	Notes	Issued Capital \$	Share Based Payments \$	Foreign Currency Translation \$	Accumulated Profit / (Losses) \$	Total Equity \$
BALANCE AT 1 JANUARY 2024		135,716,735	1,244,959	-	57,851,063	194,812,757
Loss for the period	12	-	-	-	(752,006)	(752,006)
Total comprehensive income/(loss) for the period		-	-	-	(752,006)	(752,006)
<i>Transactions with owners in their capacity as owners:</i>						
Capital returned		(100,466,734)	-	-	-	(100,466,734)
Dividend distribution		-	-	-	(54,233,691)	(54,233,691)
BALANCE AT 30 JUNE 2024		35,250,001	1,244,959	-	2,865,366	39,360,326
BALANCE AT 1 JANUARY 2023		127,866,319	13,868,006	2,590,023	(80,406,202)	63,918,144
Profit for the period		-	-	-	131,633,883	131,633,883
Total comprehensive income/(loss) for the period		-	-	-	131,633,883	131,633,883
<i>Transactions with owners in their capacity as owners:</i>						
Foreign currency translation reserve written off on sale of investment		-	-	(2,590,023)	-	(2,590,023)
Share based payment reserve re-allocated		7,850,416	(12,193,012)	-	4,342,596	-
BALANCE AT 30 JUNE 2023		135,716,735	1,674,994	-	55,570,277	192,962,004

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Condensed Statement of Cash Flows

FOR THE HALF YEAR ENDED 30 JUNE 2024

	Half Year Ended	
	30 June 2024	30 June 2023
Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	(752,006)	131,633,883
Adjusted for:		
Finance income	(874,555)	(1,573,764)
Foreign exchange losses	10,975	(509)
Gains on disposal of discontinued operations	-	(131,869,273)
Depreciation of property, plant and equipment	8,495	2,577
Increase/(decrease) in provisions	21,588	42,994
Operating cashflows before movement in working capital	(1,585,503)	(1,764,092)
Decrease/(increase) in trade and other receivables	168,464	(20,443)
(Decrease) in trade and other payables	(320,513)	(64,232)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(1,737,552)	(1,848,767)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in joint venture	-	(16,301)
Net proceeds from the disposal of Investment	-	155,214,328
Interest received	2,614,374	69,764
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	2,614,374	155,267,791
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital returned	(100,466,734)	-
Dividend paid	(54,233,691)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES	(154,700,425)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(153,823,603)	153,419,024
Cash and cash equivalents at the beginning of the financial period	193,109,430	14,873,027
Realised foreign exchange (loss)/gain on cash	(10,975)	509
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	39,274,852	168,292,560

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

Notes to the Condensed Financial Statements

1. REPORTING ENTITY

Danakali Limited (**Danakali** or the **Company**) is a company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange (**ASX**) (suspended at present, *DNK Announcement 03 April 2023*). The consolidated half year financial report of the consolidated group as at, and for the six months ended 30 June 2024 comprises the Company and its subsidiaries (together referred to as the **Group**).

The financial report of Danakali for the half year ended 30 June 2024 was authorised for issue by the Directors on 23 August 2023.

The nature of the operations and principal activities of the consolidated entity are described in the Directors' Report.

2. BASIS OF PREPARATION

(a) Basis of preparation

This condensed general purpose financial report for the half year ended 30 June 2024 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. It is recommended that the half year financial report be read in conjunction with the annual financial report for the financial year ended 31 December 2023 and considered together with any public announcements made by the Company during the half year ended 30 June 2024 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half year financial report has been prepared on a historical cost basis and is presented in Australian dollars.

(b) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the new standards and interpretations effective as of 1 January 2024. Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Group. The Group has not elected to early adopt any new standards or amendments.

The following standards and interpretations apply for the first time for entities with a year beginning on 1 January 2024:

Reference	Title	Summary
AASB 2022-5	Amendments to AASs – Lease Liability in a Sale & Leaseback	AASB2022.5 amends AASB 16 <i>Leases</i> to add subsequent requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 to be accounted for as a sale.
AASB 2023-2	Amendments to AASs – Lack of Exchangeability	AASB 2023-5 amends AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i> and AASB 1 <i>First Time Adoption of Australian Accounting Standards</i> to improve the usefulness of information provided to users of financial statements. The amendments require entities to apply a consistent approach to determining whether a currency is exchangeable into another currency and the spot exchange rate to use when its not exchangeable.

(c) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue its planned activities and the Group will be able to meet its obligations as and when they fall due.

At balance date, the Group had cash and cash equivalents of \$39,274,852 (31 December 2023: \$193,109,430) and a net working capital surplus of \$39,423,662 (31 December 2023: \$194,867,260). The existing cash reserves are sufficient to cover the working capital requirements of the Group for the next 12 months.

3. SEGMENT INFORMATION

All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment.

Accordingly, all significant operating decisions were based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole as at 30 June 2024.

Notes to the Condensed Financial Statements

4. INTEREST REVENUE

	30 June 2024 \$	30 June 2023 \$
Interest from bank operating account	17,975	69,764
Accrued interest from Term Deposit	856,580 ^a	1,504,000 ^a
	<u>874,555</u>	<u>1,573,764</u>

^a Funds surplus to the operations of the Group were invested in term deposits for 3-6 months.

5. EXPENSES

	30 June 2024 \$	30 June 2023 \$
Employee benefits	434,392	759,969
Director fees	259,102	236,502
Low value asset leases	63,813	30,654
Compliance, regulatory and other administration expenses	849,784	778,871
	<u>1,607,091</u>	<u>1,805,996</u>

6. SHARE BASED PAYMENTS

(a) Option movement summary

Movements in the number of unlisted options (being those the subject of share-based payments) on issue during the period is as follows:

Unlisted Option	Opening balance 1 Jan 2024	Issued	Exercised	Lapsed / Expired	Closing balance 30 Jun 2024
Exercise price \$0.367 expiry date 30/07/2025	10,000,000 ^a	-	-	-	10,000,000 ^a
	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>

^a Vested options. Exercise price adjusted from \$0.64 to \$0.367 on 19 January 2024 following return of capital.

(b) Performance Rights

There were no performance rights on issue during the period.

Notes to the Condensed Financial Statements

7. DISCONTINUED OPERATIONS

On 12 January 2023, the Group executed a binding share sale agreement with Sichuan Road and Bridge Group Co., Ltd. (SRBG) for the sale of all its interest in CMSC's shares including the outstanding shareholders loan receivable from CMSC. On 2 March 2023, the Group's shareholders approved the transaction. The Group satisfied the conditions precedent under the share sale agreement on 29 March 2023 and the investment in CMSC was then classified as a discontinued operation. The Group's share in the profits from its former interest in CMSC are presented below:

	30 June 2023 \$
Net gain/(loss) on financial assets at fair value through profit or loss	28,502,117
Foreign exchange gain	6,911,240
Gain on disposal of interest in CMSC ^a	164,543,878
EXPENSES	
Share of loss from JV	(417,378)
Other Expenses	(733)
Profit/(Loss) before tax from discontinued operations	199,539,124
Tax: Foreign taxes on disposal	(67,669,851)
Share of Foreign Currency Translation Reserve (OCI)	-
Profit/(Loss) for the year from discontinued operations	131,869,273

Earnings per share for discontinued operations:

Basic loss per share (cents per share)	35.80
Diluted loss per share (cents per share)	34.45

^a Details of Gain on Disposal:

	30 June 2023 \$
Total consideration for the sale of investment (USD 135M)	201,132,300
Satisfied by cash, and net cash inflow arising on disposal (net of tax paid)	133,462,449

The net cash flows incurred by the Group for its share in CMSC are as follows:

	30 June 2023 \$
Operating	-
Investing	155,198,028
Financing	-
Net cash (outflow)/inflow	155,198,028

8. TRADE AND OTHER RECEIVABLES

	30 June 2024 \$	31 December 2023 \$
Current		
Net GST receivable	26,665	29,148
Accrued interest	495,357	2,235,176
	522,022	2,264,324

9. TRADE AND OTHER PAYABLES

	30 June 2024 \$	31 December 2023 \$
Trade payables	109,902	58,703
Accrued expenses	-	404,602
Other payables	57,780	24,891
	167,682	488,196

Notes to the Condensed Financial Statements

10. ISSUED CAPITAL

	Half Year to 30 June 2024		Financial Year to 31 December 2023	
	Number of shares	\$	Number of shares	\$
(a) Share capital				
Ordinary shares fully paid	368,334,346	35,250,001	368,334,346	135,716,735
(b) Movements in ordinary share capital				
Beginning of the period	368,334,346	135,716,735	368,334,346	127,866,319
<i>Movements during the period:</i>				
– Capital returned	-	(100,466,734)	-	-
– Re-allocated from share based payment reserve	-	-	-	7,850,416
End of the period	368,334,346	35,250,001	368,334,346	135,716,735

11. RESERVES

	Half Year to 30 June 2024 \$	Financial Year to 31 December 2023 \$
(a) Reserves		
Share-based payments reserve		
Balance at beginning of the period	1,244,959	13,868,006
Exercised options in prior & current periods	-	(7,850,416)
Forfeited and expired options in prior & current periods	-	(4,470,131)
Employee and contractor share options & performance rights	-	(302,500)
Balance at end of the period	1,244,959	1,244,959
Foreign currency translation reserve		
Balance at beginning of the period	-	2,590,023
Written off on sale of share in JV	-	(2,590,023)
Balance at end of the period	-	-
Total reserves	1,244,959	1,244,959

(b) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of share options and performance rights issued and outstanding.

Foreign currency translation reserve

The foreign currency translation reserve records the exchange differences arising on translation of a foreign joint venture.

12. ACCUMULATED PROFIT AND LOSSES

	Half Year to 30 June 2024 \$	Financial Year to 31 December 2023 \$
Balance at beginning of the period	57,851,063	(80,406,201)
Dividend paid	(54,233,691)	-
Transfer from share-based payment reserve	-	4,470,131
Profit/(loss) for the year	(752,006)	133,787,133
Balance at end of the period	2,865,366	57,851,063

Notes to the Condensed Financial Statements

13. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the group as at 30 June 2024:

	At amortised cost \$	Fair value through profit and loss \$	Fair value through other comprehensive income \$
Financial Assets:			
Trade and other receivables	522,023	-	-
Total current	522,023	-	-
Receivable	-	-	-
Total non-current	-	-	-
Total Assets	522,023	-	-
Financial liabilities:			
Trade and other payables	167,682	-	-
Total current	167,682	-	-
Total Liabilities	167,682	-	-

Fair values:

Set out below is a comparison of the carrying amount and fair values of financial instruments as at 30 June 2024:

	Carrying amount \$	Fair value \$
Financial Assets:		
Trade and other receivables	522,023	-
Total current	522,023	-
Receivable	-	-
Total non-current	-	-
Total Assets	522,023	-
Financial liabilities:		
Trade and other payables	167,682	-
Total current	167,682	-
Total Liabilities	167,682	-

The current receivables and payables carrying values approximates fair values due to the short-term maturities of these instruments.

14. SUBSIDIARY

Interest in subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy:

Name	Principal Activities	Country of Incorporation	Class of Shares	Equity Holding	
				30 June 2024 %	31 December 2023 %
Danakali Investments Pty Ltd	Investment in Mineral Exploration	Australia	Ordinary	100	100

The proportion of ownership interest is equal to the proportion of voting power held.

Notes to the Condensed Financial Statements

15. RELATED PARTY INFORMATION

Transactions with directors, director related entities and other related parties

Africa Finance Corporation (AFC) is deemed to be a related party of the Company on the basis of significant influence. The related party status applies due to AFC interest of 14.4% (2023: 14.4%) in the issued capital of the Company and AFC Senior Director for Investment Operations & Execution, Taiwo Adeniji, is a Non-Executive Director on the Danakali Board. As at the date of release of this report, AFC holds one out of five board seats on the Company.

16. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at balance date (2023:Nil).

17. COMMITMENTS

There are no material commitments of the Group at balance date (2023:Nil).

18. EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 8 July 2024, \$7.3 million was distributed to shareholders comprising of \$3.4 million unfranked dividend and \$3.9 million capital return. This payout was from the excess cash reserves derived from the 2023 sale of the Group's interest in Colluli Mining Share Company (CMSC).

Apart from the above, there are no events subsequent to 30 June 2024 and up to the date of this report that would materially affect the operations of the Group or its state of affairs which have not otherwise been disclosed in this financial report.

Directors' Declaration

In the directors' opinion:

1. the financial statements and notes of Danakali Limited for the half-year ended 30 June 2024 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standards, AASB 134 *Interim Financial Reporting*; and
 - b) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half year ended on that date; and
2. there are reasonable grounds to believe that Danakali Limited will be able to pay its debts as and when they become due and payable subject to achieving the matters set out in note 2(c).

This declaration is made in accordance with a resolution of the directors.



Seamus Ian Cornelius

EXECUTIVE CHAIRMAN

Perth, 23 August 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DANAKALI LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Danakali Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2024, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Danakali Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

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The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



HALL CHADWICK WA AUDIT PTY LTD



MARK DELAURENTIS CA
Director

Dated this 23rd day of August 2024
Perth, Western Australia