DANAKALI LIMITED

ABN 56 097 904 302

FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2026

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 2025 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)
Chinekwu Duru	(Non-Executive Director)

Joint Company Secretaries

Catherine Grant-Edwards
Melissa Chapman

Executive Management

Greg MacPherson (Chief Financial Officer)

Registered Office & Principal Place of Business

Level 1, 2A/300 Fitzgerald Street	+61 (0)8 6266 8368

Auditors

Hall Chadwick
283 Rokeby Road
SUBIACO WA 6000

Bank

Bendigo Bank
80 Grenfell Street
Adelaide SA 5000

Share Register (Australia)

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
PERTH WA 6000
Telephone: 1300 850 505 (Inside Australia)
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 National Stock Exchange of Australia (NSX:DNK).

NSX Appendix 3 Information

1. Details of the reporting period

Current Period: 1 January 2026 – 30 June 2026 ("HY2026")
Previous Corresponding Period: 1 January 2025 – 30 June 2025 ("HY2025")

2. Results for announcement to the market

		HY2026 $	HY2025 $	Change %
2.1	Revenue from continuing operations	755,552	699,197	8.1%
2.2	Loss from ordinary activities after income tax attributable to members	(810,420)	(740,127)	9.5%
2.3	Net loss attributable to members	(810,420)	(740,127)	9.5%

2.4 Dividend

No dividend declared during the period.

2.5 Explanation of Results

The explanation of results is included in the Directors' Report.

3. Net tangible assets per security

	HY2026 $	HY2025 $
	Cents	Cents
Net tangible assets per security	7.63	8.28
Number of shares	363,497,522	363,497,522

4. Details of entities over which control has been gained or lost during the period

On 29 March 2026, Danakali incorporated Danakali Mineral Exploration Company LLC, a limited liability company incorporated in Saudi Arabia, in which Danakali holds an 80% interest and its joint venture partner Massadir Al-Zamrda (Emerald) holds 20%. Danakali Mineral Exploration Company has been consolidated from 29 March 2026, with the 20% non-controlling interest recognised accordingly. No other entities were acquired or disposed during the period.

5. Dividend payment information

No dividend was paid during the period.

6. Dividend or distribution reinvestment information

No dividend/distribution reinvestment plan was made during the period.

7. Details of associates and joint venture entities

Danakali Mineral Exploration Company LLC was incorporated in Saudi Arabia on 29 March 2026, in which Danakali holds an 80% interest and its Saudi Arabian partner Massadir Al-Zamrda (Emerald) holds 20%. As Danakali controls Danakali Mineral Exploration Company, it is accounted for as a controlled entity and consolidated.

There were no other associates or joint ventures during the period.

8. Accounting standards

Australian Accounting Standards have been used in complying with the information contained in Appendix 3.

9. Audit qualification or review

The financial statements were subject to review by the auditors and the Auditor's Review Report is attached as part of Interim Financial Report.

Contents

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 2026.

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)
- Chinekwu Duru (Non-Executive Director)
- Jon Coates (Non-Executive Director) (Resigned 31 March 2026)

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 minerals exploration and development company in the Arabian-Nubian Shield and Australia, driving sustainable growth, innovation, and responsible resource management. During the period, the company investigated various investment opportunities in both Africa & Australia and incorporated a company in Saudi Arabia under the joint venture agreement signed with Massadir Al-Zamrda in 2025, to explore prospective mineral projects there.

REVIEW AND RESULTS OF OPERATIONS

The net loss after tax of the Group for the half-year ended 30 June 2026 amounted to $874,061 (30 June 2025: loss $740,127). The cash flow statement reflects a decrease of cash amounting to $11,818,631, after taking into account the investment in fixed income bonds amounting to $10,931,780 (30 June 2025: decrease $856,097). Total consolidated cash on hand at the end of the period was $13,652,043 (31 December 2025: $25,511,374).

REVIEW OF OPERATIONS

Exploration in Western Australia

Danakali advanced its exploration strategy across the Gascoyne and Murchison regions of Western Australia during the period, assembling a 1,433km² tenement portfolio across eight projects, with 10 tenements granted to date. Field programmes were completed across the Orson, Chelios, Turkish and Jonas projects, including high-grade rock chip results of 24.5g/t Au at the Jonas Project. Soil and rock chip samples from priority target areas were submitted for laboratory analysis, with assay results expected in August 2026, and further fieldwork is planned to continue evaluating the Company's exploration targets.

Saudi Arabia Joint Venture Incorporation

During the period, Danakali’s joint venture with its Saudi partner Massadir Al-Zamrda (Emerald) was incorporated in Saudi Arabia under the name of Danakali Mineral Exploration Company (Danakali 80%, Emerald 20%). The JV targets mineral exploration opportunities in Arabian-Nubian Shield, with Emerald providing local support and Danakali funding and leading the technical work. This initiative aligns with Saudi Arabia’s Vision 2030 strategy to grow its mining sector by supporting new geoscience data acquisition and encouraging inward mineral exploration investment.

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 Arabian-Nubian Shield’s precious metals and critical resources sectors, driving sustainable growth, innovation, and responsible resource management.

CORPORATE

Board and Management Changes

On 31 March 2026, Jon Coates resigned as a director of the company *(DNK Announcement 31 March 2026)*.

There were no other changes to the Board or management during the period. In 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 2026, there was a total of 363,497,522 fully paid ordinary shares on issue.

Options

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

As at 30 June 2026, there was a total of 9,725,000 unlisted options on issue at exercise price of $0.084 and expiry date 11 June 2028.

Performance Rights

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

As at 30 June 2026, 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.

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

RISK AREA	RISK	MITIGATION/CONTROL
Operational Risk		
Exploration	Mineral exploration is a high-risk speculative undertaking. There can be no assurance that future exploration of any exploration licences that the Company may acquire an interest in will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.	The Company will conduct comprehensive geological surveys, including geophysical, geochemical, and drilling programs, leveraging advanced exploration technologies to enhance discovery success rates. Furthermore, it aims to maintain a diversified portfolio of exploration targets across multiple regions to mitigate risk and maximise potential opportunities.
Tenure and Title	The ability of the Company to carry out successful exploration and mining activities will depend on the ability to obtain and maintain tenure to mining titles. The maintenance or issue of any such titles must be in accordance with the laws of the relevant jurisdiction and in particular, the relevant mining legislation. Conditions imposed by such legislation must also be complied with. There is a risk that some or all of the pending applications or parts thereof will not be granted, or that they may be granted on terms which are substantially less favourable to the Company than would typically prevail.	The Company has assembled a skilled team, including legal experts, to oversee the application for and management of exploration licenses. Additionally, it maintains regular engagement with relevant ministries across various regions to ensure compliance and to uphold its good standing.
Future Acquisitions	As part of its growth strategy, the Company may make further acquisitions of licences or enter into strategic alliances with third parties. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of assets, such as short-term strain on working capital requirements and achieving project success.	The Company implements rigorous due diligence processes and engages specialists as needed when evaluating new business opportunities. A comprehensive financial analysis is conducted to assess potential impacts and ensure adequate provisions for working capital requirements.
Financial Risks		
Future Funding Requirements	The funds currently available on hand are considered sufficient to meet the short to mid-term objectives of the Company. Additional funding may be required in the event exploration costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur, additional financing will be required.	The Company has implemented appropriate capital, financial and treasury management processes and procedures to monitor and manage its future cash requirement.
Liquidity	Shareholders are able to sell their Shares on NSX. The timing and pricing of listed securities is determined by the live market of buyers and sellers. This type of risk is particularly relevant in the context of Shares that are not frequently traded or in situations	The Company has implemented procedures and processes to ensure that it complies with the NSX listing rules. The company periodically evaluates and reviews liquidity options for shareholders.

RISK AREA	RISK	MITIGATION/CONTROL
	where market conditions suddenly deteriorate.	
Foreign Exchange Rates	The Company intends to operate in multiple jurisdictions and this may result in the use of multiple currencies.	The company monitors its Foreign Exchange exposure and as required, will consider hedge instruments and Multi-Currency accounts.
Industry Specific Risks		
Environmental	The operations and activities of the Company are subject to the environmental laws and regulations of various jurisdictions. As with all mining operations and exploration projects, the Company's activities are expected to have an impact on the environment.	The Company intends to conduct its operations and activities to high standards of environmental performance, including compliance with all environmental laws and regulations. Nevertheless, such operations may give rise to potentially substantial costs for pollution abatement, environmental rehabilitation, damage control and losses that exceed estimates, and possible regulatory intervention, potentially adversely impacting the Company's operations, financial performance and financial position
Health and 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.
General Risks		
Key Personnel	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. The loss of key personnel, the inability to recruit necessary staff as needed or the increased cost to recruit or retain the necessary staff, may cause disruption and adversely impact the Company's operations, financial performance and financial position.	The Company has developed succession plans to reduce the exposure to the loss of any key personnel. In addition, incentive plans have been implemented.
Economic	General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.	The Company regularly reviews broad economic conditions and its financial risks. The Company has implemented robust cash flow projects to anticipates funding needs and evaluate how adverse economic conditions could impact the business and prepare response strategies.
Changes to Laws, Regulations and Policy	The Company may be affected by changes to laws, regulations and policy (in Australia and other countries in which the Company may operate) concerning mining and exploration, property, the environment, superannuation, taxation trade practices and competition, government grants, incentive schemes, accounting standards and other matters. Such changes could have adverse impacts on the Company from a financial and operational perspective.	The Company regularly engages with external legal and financial advisors that update the company of changes to laws, regulations and policies which could impact the business.

EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There are no events subsequent to 30 June 2026 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, 2 September 2026

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 and the entities it controlled for the half year ended 30 June 2026, 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

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated 2nd day of September 2026

Perth, Western Australia

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF YEAR ENDED 30 JUNE 2026

	Notes	Half Year Ended 30 June 2026 $	30 June 2025 $
CONTINUING OPERATIONS			
REVENUE			
Interest Income	4	755,552	699,197
EXPENSES			
Foreign exchange loss		(12,929)	(6,380)
Depreciation expense		(29,511)	(29,751)
Exploration & evaluation expenses	5	(490,277)	-
Administration expenses	6	(1,096,896)	(1,403,193)
LOSS BEFORE INCOME TAX		**(874,061)**	**(740,127)**
Income tax expense		-	-
LOSS FOR THE PERIOD		**(874,061)**	**(740,127)**
Fair value gain/(loss) on investment in bonds designated as at FVOCI		(236,095)	-
Foreign currency translation reserve relating to subsidiary		(27,771)	-
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD		**(1,137,927)**	**(740,127)**
Loss attributable to:			
Equity holders of the company		(810,420)	(740,127)
Non-controlling Interests		(63,641)	-
		(874,061)	**(740,127)**
Comprehensive loss attributable to:			
Equity holders of the company		(1,068,732)	(740,127)
Non-controlling Interests		(69,195)	-
		(1,137,927)	**(740,127)**
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic (loss)/profit per share (cents per share)		(0.22)	(0.20)
Diluted (loss)/profit per share (cents per share)		(0.22)	(0.20)

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

Condensed Consolidated Statement of Financial Position

AS AT 30 JUNE 2026

	Notes	30 June 2026 $	31 December 2025 $
CURRENT ASSETS			
Cash and cash equivalents		13,652,043	25,511,374
Trade and other receivables	8	290,447	138,644
Prepayments		180,054	127,856
TOTAL CURRENT ASSETS		**14,122,544**	**25,777,874**
NON-CURRENT ASSETS			
Plant and equipment	9	5,997	7,197
Financial Assets	10	14,367,120	3,548,980
ROU Asset	11	61,342	89,654
TOTAL NON-CURRENT ASSETS		**14,434,459**	**3,645,831**
TOTAL ASSETS		**28,557,003**	**29,423,705**
CURRENT LIABILITIES			
Trade and other payables	12	376,671	129,996
Lease Liability	13	71,843	58,497
Provisions		256,621	223,080
TOTAL CURRENT LIABILITIES		**705,135**	**411,573**
NON-CURRENT LIABILITIES			
Lease Liability	13	5,428	43,616
Provisions		104,864	96,717
TOTAL NON-CURRENT LIABILITIES		**110,292**	**140,333**
TOTAL LIABILITIES		**815,427**	**551,906**
NET ASSETS		**27,741,576**	**28,871,799**
EQUITY			
Issued capital	14	31,069,064	31,069,064
Reserves	15	(170,405)	87,907
Accumulated losses	16	(3,095,592)	(2,285,172)
Non Controlling Interests		(61,491)	-
TOTAL EQUITY		**27,741,576**	**28,871,799**

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

Condensed Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 30 JUNE 2026

	Notes	Issued Capital $	Share Based Payments $	Financial Asset Revaluation $	Foreign Currency Translation Reserve $	Accumulated Profit / (Losses) $	Total Attributable to Parent $	Non-Controlling Interests $	Total Equity $
BALANCE AT 1 JANUARY 2026		**31,069,064**	**117,127**	**(29,220)**	**-**	**(2,285,172)**	**28,871,799**	**-**	**28,871,799**
Loss for the period	16	-	-	-	-	(810,420)	(810,420)	(63,641)	(874,061)
Other comprehensive income	15	-	-	(236,095)	(22,217)	-	(258,312)	(5,554)	(263,866)
Total comprehensive income/(loss) for the period		**-**	**-**	**(236,095)**	**(22,217)**	**(810,420)**	**(1,068,732)**	**(69,195)**	**(1,137,927)**
Transactions with owners in their capacity as owners:									
Subsidiary incorporation	17	-	-	-	-	-	-	7,704	7,704
BALANCE AT 30 JUNE 2026		**31,069,064**	**117,127**	**(265,315)**	**(22,217)**	**(3,095,592)**	**27,803,067**	**(61,491)**	**27,741,576**
BALANCE AT 1 JANUARY 2025		**31,286,723**	**1,244,959**	**-**	**-**	**(1,576,033)**	**30,955,649**	**-**	**30,955,649**
Loss for the period		-	-	-	-	(740,127)	(740,127)	-	(740,127)
Total comprehensive income/(loss) for the period		**-**	**-**	**-**	**-**	**(740,127)**	**(740,127)**	**-**	**(740,127)**
Transactions with owners in their capacity as owners:									
Share Buy-Back	14	(217,659)	-	-	-	-	(217,659)	-	(217,659)
Options issued	15	-	117,127	-	-	-	117,127	-	117,127
BALANCE AT 30 JUNE 2025		**31,069,064**	**1,362,086**	**-**	**-**	**(2,316,160)**	**30,114,990**	**-**	**30,114,990**

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

Condensed Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 30 JUNE 2026

	Notes	Half Year Ended 30 June 2026 $	 30 June 2025 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		(874,061)	(740,127)
Adjusted for:			
Finance income		(755,552)	(699,196)
Foreign exchange losses		12,929	6,380
Depreciation of property, plant and equipment		29,511	29,751
Increase/(decrease) in provisions		41,686	39,821
Operating cashflows before movement in working capital		(1,545,487)	(1,363,371)
Decrease/(increase) in trade and other receivables		(53,007)	53,123
(Decrease) in trade and other payables		246,675	171,808
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		**(1,351,819)**	**(1,138,440)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Fixed income bonds		(10,931,780)	-
Loans given		(147,541)	-
Payments for plant & equipment		-	(10,363)
Interest received		637,349	534,196
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(10,441,972)**	**523,833**
CASH FLOWS FROM FINANCING ACTIVITIES			
Share Buy-back		-	(217,659)
Payment for lease liability		(24,840)	(23,831)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**(24,840)**	**(241,490)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(11,818,631)**	**(856,097)**
Cash and cash equivalents at the beginning of the financial period		25,511,374	31,183,180
Effect of exchange rate changes on cash and cash equivalents		(40,700)	(6,380)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**13,652,043**	**30,320,703**

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

Notes to the Condensed Consolidated 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 National Stock Exchange of Australia (**NSX**). The consolidated half year financial report of the consolidated group as at, and for the six months ended 30 June 2026 comprises the Company and its subsidiaries (together referred to as the **Group**).

The financial report of Danakali for the half year ended 30 June 2026 was authorised for issue by the Directors on 2 September 2026.

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 2026 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 2025 and considered together with any public announcements made by the Company during the half year ended 30 June 2026 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, except for bonds which are measured at fair value, 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 2025, except for the adoption of the new standards and interpretations effective as of 1 January 2026. 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 2026:

Reference	Title	Summary
AASB 2024-2	Amendments to AASs – Classification & Measurement of Financial Instruments	This amendment updates AASB 9 and AASB 7 to clarify how modern financial features affect accounting classifications. It introduces specific rules for derecognising electronic cash settlements before the official transaction date. It also provides clear guidelines on evaluating sustainability-linked triggers (such as ESG interest adjustments) during Solely Payments of Principal and Interest (SPPI) testing. Finally, it mandates stricter disclosure rules for equity investments measured at Fair Value through Other Comprehensive Income (FVOCI).
AASB 2025-1	Amendments to AASs – Renewable Power Agreements	This amendment modifies AASB 9 to fix accounting mismatches caused by green energy contracts like Power Purchase Agreements (PPAs). It adjusts the "own-use" exception to accommodate physical electricity contracts where supply volume naturally fluctuates based on weather conditions like wind or sun. The standard also provides hedge accounting relief by allowing variable energy volumes to be designated as hedged items, supported by mandatory disclosures on climate-risk exposure.

(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 $13,652,043 (31 December 2025: $25,511,374) and a net working capital surplus of $13,417,409 (31 December 2025: $25,366,301). The existing cash reserves are sufficient to cover the working capital requirements of the Group for the next 12 months.

3. SEGMENT INFORMATION

(a) Description of segments

The Group has identified its operating segments based on the internal reports reviewed by the Board and Executive Chairman (the chief operating decision maker) to assess performance and allocate resources. The Group's operations are organised into two geographic exploration segments:

- Western Australia: Mineral exploration across the Group's Australian tenement portfolio
- Saudi Arabia: Mineral exploration conducted through Danakali Mineral Exploration Company, targeting the Arabian-Nubian Shield

The Corporate/Unallocated segment includes costs associated with the Group's corporate head office function, including compliance, administration, and costs not directly attributable to a reportable segment. Unallocated assets and liabilities primarily comprise cash and cash equivalents held at the corporate level, and other corporate assets and liabilities not allocated to a specific operating segment.

In the comparative period the Group operated as a single reportable segment, being mineral exploration and corporate activities conducted from Australia. The Saudi Arabia segment arose during the current period following the commencement of activities by Danakali Mineral Exploration Company. Comparative segment amounts therefore equal the consolidated totals reported in the condensed consolidated financial statements and have not been restated.

(b) Segment performance

HALF YEAR ENDED 30 JUNE 2026	WA $	Saudi Arabia $	Corporate/ Unallocated $	Total $
Revenue	-	-	755,552	755,552
Exploration expenses	(212,033)	(278,244)	-	(490,277)
Administration expenses	-	(31,129)	(1,065,767)	(1,096,896)
Other expenses			(42,440)	(42,440)
Segment result	**(212,033)**	**(309,373)**	**(352,655)**	**(874,061)**

HALF YEAR ENDED 30 JUNE 2025	Total $
Revenue	699,197
Exploration expenses	-
Administration expenses	(1,403,193)
Other expenses	(36,131)
Segment result	**(740,127)**

(c) Segment assets & liabilities

AS AT 30 JUNE 2026	WA $	Saudi Arabia $	Corporate/ Unallocated $	Total $
Cash & cash equivalents	-	371,596	13,280,447	13,652,043
Other current assets	-	166,216	304,285	470,501
Non current assets	-	-	14,434,459	14,434,459
Total segment assets	**-**	**537,812**	**28,019,191**	**28,557,003**

AS AT 31 DECEMBER 2025	Total $
Cash & cash equivalents	25,511,374
Other current assets	266,500
Non current assets	3,645,831
Total segment assets	**29,423,705**

Segment liabilities have not been disclosed as this information is not regularly provided to the chief operating decision maker for the purposes of assessing segment performance or resource allocation.

(d) Other segment information

The Saudi Arabia segment result and segment net assets are presented on a 100% consolidated basis, consistent with the Group's accounting policy for subsidiaries. Danakali Mineral Exploration Company is 80% owned by the Group, with the remaining 20% held by a non-controlling interest (Emerald Massadir Al-Zamrda). Segment information reflects the full results and net assets of the entity as consolidated, and is not adjusted for the Group's ownership percentage. The non-controlling interest's share of the segment result and net assets is separately disclosed in the Consolidated Statement of Profit or Loss and Consolidated Statement of Financial Position respectively.

4. INTEREST REVENUE

	30 June 2026 $	30 June 2025 $
Interest revenue	755,552	699,197

5. EXPLORATION & EVALUATION EXPENSES

	30 June 2026 $	30 June 2025 $
Consultants	381,915	-
Tenement rent, rates, application & management	47,069	-
Sample analysis	13,216	-
Others	48,077	-
	490,277	-

6. ADMINISTRATION EXPENSES

	30 June 2026 $	30 June 2025 $
Employee benefits	443,029	549,306
Director fees	268,822	268,863
Compliance, regulatory and other administration expenses	385,045	585,024
	1,096,896	1,403,193

7. 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 2026	Issued	Exercised	Lapsed / Expired	Closing balance 30 Jun 2026
Exercise price $0.084 expiry date 11/06/2028	9,725,000 [a]	-	-	-	9,725,000 [a]
	9,725,000	**-**	**-**	**-**	**9,725,000**

[a] Vested options.

(b) Performance Rights

There were no performance rights on issue during the period.

8. TRADE AND OTHER RECEIVABLES

	30 June 2026 $	31 December 2025 $
Current		
Net GST receivable	31,541	30,731
Accrued interest	85,829	90,082
Loan to Non-Controlling Interest (NCI) shareholder [a]	166,216	-
Other receivables	6,861	17,831
	290,447	138,644

a) **Loan to Non-Controlling Interest (NCI) shareholder:** During the period, the Group issued a SAR 1,500,000 (~AUD 561,150) cash call for its subsidiary Danakali Mineral Exploration Company. Due to temporary banking setup delays at the subsidiary level, the funds were routed through the Non-Controlling Interest (NCI) partner Emerald Massadir Al-Zamrda (Emerald) acting as custodian. At the reporting date, the funds have been allocated as follows:

- SAR 1,000,000 (~AUD 374,100) transferred directly to the subsidiary's operational bank account.
- SAR 75,690 (~AUD 28,316) deployed directly for pre-approved subsidiary expenses
- SAR 424,310 (~AUD 158,734) remains held by Emerald.
- The subsidiary shares are not yet paid up; SAR 20,000 (~AUD 7,482) is the amount payable by Emerald

b) The remaining balance of AUD 166,216 is interest-free, classified as a current receivable, and is repayable on demand.

9. PLANT AND EQUIPMENT

	30 June 2026 $	31 December 2025 $
Plant and equipment		
Gross carrying value – at cost	39,631	39,632
Accumulated depreciation	(33,634)	(32,435)
Net book amount	5,997	7,197
Plant and equipment		
Opening net book amount at beginning of the year	7,197	-
Additions	-	10,363
Depreciation charge	(1,200)	(3,166)
Closing net book amount at end of the year	5,997	7,197

10. FINANCIAL INSTRUMENTS

	30 June 2026 $	31 December 2025 $
Financial Assets- Fixed Income Bonds		
Gross amount – at cost	14,481,040	3,549,260
Accrued interest	151,395	28,940
Fair value gains/(losses) recognised in OCI	(265,315)	(29,220)
	14,367,120	3,548,980

The fair value of the above investment instruments is determined using evaluated market prices, classified as Level 2 within the IFRS 13 fair value hierarchy. Details of the bonds portfolio as at 30 June 2026 are as follows:

Issuer	Interest Rate	Fair Value	Cost	Maturity Date	Credit Rating
Aurizon Network Pty Ltd	6.1% fixed rate	1,033,260	1,033,330	12/09/2031	BBB+
Ausnet Services Holdings	6.13% fixed rate	1,548,000	1,575,375	31/05/2033	BBB+
Coles Group Treasury Pty	5.8% fixed rate	1,568,145	1,554,045	15/07/2031	BBB+
Commonwealth Bank of Australia	4.95% fixed rate	1,007,710	1,016,230	14/04/2032	A-
Cooperatieve Rabobank	7.07% fixed rate	1,547,055	1,579,740	26/10/2032	BBB+
EnBW International Finance B.V.	5.197% fixed rate	990,890	989,300	26/11/2031	A-
Insurance Australia Group Ltd*	BBSW+1.75%	1,020,200	1,014,560	15/06/2038	A-
Macquarie Bank Ltd*	BBSW+1.85%	1,542,855	1,555,200	29/11/2035	BBB+
QBE Insurance Group Ltd*	BBSW+1.8%	1,531,020	1,542,840	21/11/2036	BBB+
Scentre Group Trust*	BBSW+2.3%	1,029,040	1,042,450	10/09/2054	BBB+
Telstra Corp. Ltd	5.65% fixed rate	1,548,945	1,577,970	06/03/2034	A-
		14,367,120	14,481,040		

**BBSW: Bank Bill Swap Rate*

11. ROU (RIGHT OF USE) ASSETS

	30 June 2026 $	31 December 2025 $
Land and Building		
Gross carrying value – at cost	169,870	169,870
Additions	-	-
Accumulated depreciation	(108,528)	(80,217)
Net book amount	61,342	89,654

Land and Building		
Opening net book amount at beginning of the year	89,654	146,277
Additions	-	-
Depreciation charge	(28,312)	(56,623)
Closing amount	61,342	89,654

The lease agreement for the office premises is for a duration of 3 years ending 31 July 2027.

12. TRADE AND OTHER PAYABLES

	30 June 2026 $	31 December 2025 $
Trade payables	342,141	61,142
Accrued expenses	10,000	25,000
Other payables	24,530	43,854
	376,671	129,996

13. LEASE LIABILITY

	30 June 2026 $	31 December 2025 $
Opening carrying amount at beginning of the year	102,113	150,672
Additional liability during the year	-	-
Interest accrued	3,402	9,538
Repayments	(28,244)	(58,097)
Closing carrying amount at end of the year	77,271	102,113
Non-current liability (2-5 years)	5,428	43,616
Current liability (0- 1 year)	71,843	58,497
Total lease liability	77,271	102,113

Payments for the office lease, discounted at the RBA small business lending rate 7.41%, over 1.08 years.

14. ISSUED CAPITAL

	Half Year to 30 June 2026		Financial Year to 31 December 2025	
	Number of shares	$	Number of shares	$
(a) Share capital				
Ordinary shares fully paid	363,497,522	31,069,064	363,497,522	31,069,064
(b) Movements in ordinary share capital				
Beginning of the period	363,497,522	31,069,064	368,334,346	31,286,723
Movements during the period:				
– Share Buy-Back	-	-	(4,836,824)	(217,659)
End of the period	363,497,522	31,069,064	363,497,522	31,069,064

15. RESERVES

	Half Year to 30 June 2026 $	Financial Year to 31 December 2025 $
(a) Reserves		
Share-based payments reserve		
Balance at beginning of the period	117,127	1,244,959
Transfer to retained earnings	-	(1,244,959)
Employee and contractor share options	-	117,127
Balance at end of the period	117,127	117,127
Financial Asset Revaluation reserve		
Balance at beginning of the period	(29,220)	-
Other Comprehensive Income/(Loss)	(236,095)	(29,220)
Balance at end of the period	(265,315)	(29,220)
Foreign Currency Translation reserve		
Balance at beginning of the period	-	-
Other Comprehensive Income/(Loss)	(22,217)	-
Balance at end of the period	(22,217)	-
Total reserves	**(170,405)**	**87,907**

Share option assumptions

The historical options on issue during the period, along with the key inputs used in the valuation model to determine their fair value at the grant date, are outlined below. At the time of issue, due to the Company's limited trading history on the NSX, lack of active projects, and other relevant factors, management had applied probability-weighted adjustments to the option valuation.

Key assumptions include:

a) Volatility: Reduced by 20% relative to peer-based implied volatility to account for limited trading activity and a lack of significant price history.

b) Probability Weighting: A 50% probability has been assigned to a scenario in which a project is secured, allowing the options to retain their full value. Similarly, a 50% probability has been applied to a scenario where operations remain dormant, and the options ultimately expire.

These adjustments represent Level 3 inputs under AASB 13/IFRS 13, as they are based on management's best estimates where observable market data is not available. If alternative assumptions were applied, the option valuation could differ materially.

Number of Options	Grant Date	Expiry Date	Fair Value per Option	Exercise Price	Share Price at Grant Date	Risk Free Interest Rate	Estimated Volatility	Volatility Weighting
9,725,000	11/06/2025	11/06/2028	$0.0120	$0.084	$0.057	3.45%	76.85%	50%

(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.

Financial Asset Revaluation reserve

The Financial Asset Revaluation reserve accumulates unrealized gains and losses not yet included in the net profit or loss. It represents temporary value changes in FVOCI assets.

Foreign Currency Translation reserve

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of foreign operations into Australian dollars.

16. ACCUMULATED LOSSES

	Half Year to 30 June 2026 $	Financial Year to 31 December 2025 $
Balance at beginning of the period	(2,285,172)	(1,576,033)
Transfer from share-based payment reserve	-	1,244,959
Profit/(loss) for the year	(810,420)	(1,954,098)
Balance at end of the period	(3,095,592)	(2,285,172)

17. SUBSIDIARIES

Interest in subsidiaries

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

				Equity Holding	
				30 June 2026	31 December 2025
Name	Principal Activities	Country of Incorporation	Class of Shares	%	%
Danakali Investments Pty Ltd	Investment in Mineral Exploration	Australia	Ordinary	100	100
Danakali (KSA) Pty Ltd	Investment in Mineral Exploration	Australia	Ordinary	100	100
Danakali Mineral Exploration Company	Investment in Mineral Exploration	Saudi Arabia	Ordinary	80	-

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

Non controlling interests

Non-controlling interests represent the 20% equity interest in Danakali Mineral Exploration Company held by Massadir Al-Zamrda (Emerald). Non-controlling interests are measured at their proportionate share of the recognised net assets of the subsidiary. Danakali Mineral Exploration Company was incorporated on 29 March 2026 and has been consolidated from that date.

	Half Year to 30 June 2026 $	Financial Year to 31 December 2025 $
Recognised on incorporation of subsidiary- Share Capital	7,704	-
Share of loss for the period	(63,641)	-
Share of other comprehensive loss for the period	(5,554)	-
Balance at end of the period	(61,491)	-

18. 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 14.57% (2025: 14.57%) in the issued capital of the Company and AFC Senior Vice President & Lead Counsel Chinekwu Duru was appointed as a Non-Executive Director of the Company on 13 January 2025. As at the date of release of this report, AFC holds one out of four board seats on the Company.

Massadir Al-Zamrda for Mining (Emerald) is a related party of the Group as the holder of the 20% non-controlling interest in the Group's subsidiary, Danakali Mineral Exploration Company, over which it has significant influence. During the period, the Group made a cash call of SAR 1,500,000 (~AUD 561,150) to fund the subsidiary. Owing to delays in establishing the subsidiary's banking arrangements, the funds were routed through Emerald acting as custodian on behalf of the Group. Of that amount, SAR 1,000,000 (AUD 374,100) was transferred to the subsidiary's operational bank account and SAR 75,690 (AUD 28,316) was applied directly to pre-approved subsidiary expenses. At 30 June 2026 amounts receivable from Emerald totalled $166,216 (31 December 2025: nil), comprising $158,734 of Group funds held by Emerald as custodian and $7,482 receivable in respect of the unpaid portion of Emerald's subscription for shares in Danakali Mineral Exploration Company. These amounts are included in trade and other receivables (refer note 8).

19. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at balance date (2025:Nil).

20. EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There are no events subsequent to 30 June 2026 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 2026 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 2026 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, 2 September 2026

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 2026, 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, 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 2026 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 review of the half-year 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.

PO Box 1288 Subiaco WA 6904
283 Rokeby Rd Subiaco WA 6008
T: +61 8 9426 0666

Responsibility of the Directors for the Financial Report

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 2026 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

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated 2nd day of September 2026

Perth, Western Australia