



**DANAKALI**

**DANAKALI LTD**

ABN 56 097 904 302

**AUDITED FINANCIAL REPORT**

FOR THE YEAR ENDED

31 DECEMBER 2023

# Corporate Information

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## Directors

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

## Executive Management

Greg MacPherson (Chief Financial Officer)  
Rod McEachern (Chief Operating Officer)

## Joint Company Secretary

Catherine Grant-Edwards  
Melissa Chapman

## Registered Office and Principal Place of Business

Level 1, 2A / 300 Fitzgerald Street  
NORTH PERTH WA 6006  
Telephone: +61 (0)8 6266 8368

## Bank

Bendigo Bank  
80 Grenfell Street  
Adelaide SA 5000

## Auditors

Hall Chadwick  
283 Rokeby Road  
SUBIACO WA 6000

## 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

## Stock Exchange Listing

Danakali Limited Shares were suspended from quotation on the Australian Stock Exchange at the close of trading 3 April 2023 (ASX:DNK).

## American Depositary Receipts

The Bank of New York Mellon sponsored DNK's Level 1 American Depositary Receipts Program (**ADR**) in the United States of America.

The Deposit Agreement was terminated on 12 July 2023.

Under the terms of the Deposit Agreement, owners and beneficial owners have until the 15 July 2024, to surrender their Danakali ADRs for delivery of the underlying shares. Subsequent to 15 July 2024, under the terms of the Deposit Agreement, the Depositary may attempt to sell the underlying shares. If the Depositary has sold such shares, you must surrender your ADRs to obtain payment of the sale proceeds, net of the expenses of sale, any applicable U.S. or local taxes or government charges and a cancellation fee.

ADR Holders seeking information on their shareholding should contact: tatyana.vesselovskaya@bnymellon.com OR

LONDON  
Mark Lewis  
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NEW YORK  
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# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

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# Executive Chairman's Letter

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Dear fellow shareholders

On behalf of your Board, it's my pleasure to present the 2023 Annual Financial Statements of Danakali Limited.

2023 was a transformative year for Danakali with the successful sale of our interest in the Colluli Potash Project for approximately US\$121 million net of taxes.

Shareholders will recall that we signed the definitive sale documents in January 2023 and received the first tranche of the sale proceeds in early April 2023. The second and final tranche of the sale proceeds was received, on time in September 2023. Shareholders approved a return of capital in November 2023 and in early January 2024 we distributed approximately A\$155m to shareholders (42 cents per share) by way of a capital return and special dividend.

The result achieved for investors in 2023 would not have been possible without the excellent support we received from shareholders and other key stakeholders including the Eritrean National Mining Corporation ("ENAMCO") and the Government of Eritrea, in particular the Ministry of Energy and Mines.

Your board is proud to have returned 42 cents per share to shareholders. Generating strong returns for shareholders while maintaining the strongest governance principles is what every public company board should be about. We're determined to continue doing this and to delivering a fresh wave of value for our investors.

We are well aware many other exploration and development companies listed on the ASX may have applied the proceeds of the Colluli sale differently and retained most if not all of the funds. The Danakali Board believed the vast majority of funds should be repatriated to shareholders. We have retained sufficient funds to satisfy the residual obligations arising from the sale of the Colluli Potash Project and take Danakali in a fresh direction with a new portfolio of exciting assets.

Danakali's focus now is on satisfying the ASX requirements for relisting as soon as possible to restore liquidity and to provide further opportunities to deliver value for our shareholders. We have been engaging consistently with the ASX with support from our advisors while at the same time conducting due diligence on a wide range of potentially suitable projects.

Shortly, we will formally submit our relisting proposal to the ASX which will see us return to the boards with a select group of attractive mineral exploration and development projects. Be assured, we will update shareholders on relisting progress and project details as soon as possible.

2023 was a great year for Danakali but not without its frustrations due to the ASX suspension, and I am grateful for the continued strong support from our shareholders and the hard work of our small team of employees and advisors.

We look forward to the future of Danakali with great optimism and thank you for coming with us on that journey.

Yours sincerely



Seamus Cornelius  
Executive Chairman  
Danakali Limited

# Directors' Report

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The directors present their report together with the financial statements of the consolidated entity being, Danakali Limited (**Danakali** or the **Company**) and its controlled entities (the **Group**) for the financial year ended 31 December 2023.

## DIRECTORS

The names and details of the Company's directors in office during the financial period and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

### Names, qualifications, experience and special responsibilities:

#### Seamus Ian Cornelius

*Executive Chairman, LLB, LLM, initially appointed Non-Executive Chairman on 15 July 2013, transitioned to Executive Chairman on 14 June 2018, resumed Non-Executive Chairman role on 25 June 2019, and transitioned to Executive Chairman on 26 February 2021.*

Mr Cornelius has extensive experience as a corporate lawyer and former partner of one of Australia's leading international law firms. He has a high degree of expertise in cross-border transactions, particularly in the resources and finance sectors.

Mr Cornelius was appointed as Non-Executive Chairman of the Company on 15 July 2013 and acted in the role of Executive Chairman from 14 June 2018 to 25 June 2019. As announced on 26 February 2021, Mr Cornelius was re-appointed as Executive Chairman.

Mr Cornelius is currently the Non-Executive Chairman of Buxton Resources Ltd (appointed 29 November 2010) and Duketon Mining Ltd (appointed 8 February 2013). Mr Cornelius was previously Non-Executive Chairman of Element 25 Limited (appointed 30 June 2011 and resigned 28 November 2023) and was previously a Non-Executive Director of First Tin PLC (appointed 8 April 2022 and resigned 6 September 2023) and South Harz Potash Limited (appointed 21 August 2023 and resigned 10 March 2024).

#### *Special Responsibilities:*

During the year Mr Cornelius was a member of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

#### Paul Michael Donaldson

*Independent Non-Executive Director, Master's Degree - Mining Engineering, Master's Degree - Business and Technology, BEng Chemical (Honours, University Medal), Assoc Dip. Applied Science (Metallurgy), appointed 11 October 2021*

Over 30 years' experience in senior management at BHP, Danakali and Pacific National. Mr Donaldson held a series of senior management roles spanning over 20 years with BHP Billiton where he managed large scale open-cut mining operations, headed the BHP Carbon Steel Materials Technical Marketing Team, managed the Port Hedland iron ore facility, as well as key roles in product and infrastructure planning across large scale supply chains.

He also has extensive experience in high level business improvement and logistics from base metal operations and a high degree of integrated supply chain management, technical operational management and frontline leadership experience in the steel industry.

Mr. Donaldson, in his previous role as the Company's CEO and Managing Director, redefined the product and development path and process for the Project, overseeing the pre-feasibility, definitive feasibility and FEED study phases.

#### *Special Responsibilities:*

During the year Mr Donaldson was Chairman of the Audit and Risk Committee and on 15 June 2023 transitioned from his role as a member to being Chairman of the Remuneration and Nomination Committee.

#### Zhang Jing

*Non-Executive Director, M.Sc., appointed 17 June 2016*

Ms Zhang has more than 15 years of international trading and business development experience in China and previously held investment and project managerial roles in public listed companies.

Ms Zhang holds a Master's degree in International Consultancy and Accounting from the university of Reading in the United Kingdom.

#### *Special Responsibilities:*

None.

# Directors' Report

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## **Taiwo Adeniji**

*Non-Executive Director, HCIB, appointed 23 April 2020*

Mr Adeniji is Senior Director for Investment Operations & Execution at AFC, where he has responsibility, amongst other things, for the institution's investments in oil & gas, and mining projects. Taiwo has had over 26 years of post-graduate and extensive professional and managerial experience in several areas of banking and finance. He has deep knowledge and extensive experience with infrastructure and mining policy issues, as well as the analysis, evaluation and financing of infrastructure and mining projects. Mr Adeniji has supervised AFC's investments in mining projects that spanned different products, including gold, copper, bauxite, and iron ore, as well as in different geographies, including countries in West, North and Central Africa. From 1994 to 2007, Mr Adeniji worked with the African Development Bank, focussing largely on infrastructure investments and financial sector development.

Mr Adeniji's academic background is in economics and finance. He is an Honorary Senior Member (HCIB) of the Chartered Institute of Bankers of Nigeria.

*Special Responsibilities:*

None.

## **Samaila Zubairu**

*Non-Executive Director, FCA, appointed 23 April 2020, resigned 15 June 2023*

Mr Zubairu is African Finance Corporation's (**AFC**) President and Chief Executive Officer. Previously, he was the CEO of Africapital Management Limited, where he established a joint venture with Old Mutual's African Infrastructure Investment Managers to develop a fund for infrastructure private equity across West Africa, and Chief Financial Officer for Dangote Cement Plc. Prior to that, he was the Treasurer for the Dangote Group during its transformation from a trading company to an industrial conglomerate. He has undertaken investments of over US\$3 billion, financing green-field project finance, acquisitions, corporate transformation, privatisation and equity capital market transactions.

Mr Zubairu is an Eisenhower Fellow and sits on the Eisenhower Fellowship's Global Network Council and the President's Advisory Council. He holds several non-executive board positions including being the advisory board member for KSE Africa, a leading operations and management provider of captive power plants in the mining sectors in Botswana and Nigeria. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (FCA) and holds a BSc in Accounting from Ahmadu Bello University, Nigeria.

*Special Responsibilities:*

None.

## **Neil Gregson**

*Independent Non-Executive Director, Qualified Mining Engineer, appointed 3 August 2020, resigned 15 June 2023*

Mr Gregson is an experienced resource sector investor having spent over 30 years managing investments predominantly in mining and energy companies.

Mr Gregson's previous roles included portfolio manager in J.P. Morgan Asset Management's Global Equities Team based in London and responsible for global natural resource mandates. Prior investment roles were with CQS Asset Management as a Senior Portfolio Manager, with a focus on the natural resource sector and Credit Suisse Asset Management as Head of Emerging Markets and related sector funds.

Mr Gregson began his career holding various positions at mining companies, including a role as a mining investment analyst at South African company Gold Fields. He is a qualified mining engineer.

Mr Gregson is currently a Director of Uranium Royalty Corp. (appointed 14 October 2020), Atalaya Mining Plc (appointed 10 February 2021) and Meridian Mining Plc (appointed 10 October 2023).

*Special Responsibilities:*

During the period up until the date of his resignation, Mr Gregson was Chairman of the Remuneration and Nomination Committee.

# Directors' Report

## COMPANY SECRETARY

**Catherine Grant-Edwards and Melissa Chapman**

*Appointed Joint Company Secretary 7 July 2017*

Ms Melissa Chapman (*Certified Practising Accountant (CPA), AGIA/ACIS, GAICD*) and Ms Catherine Grant-Edwards (*Chartered Accountant (CA)*) were appointed as Joint Company Secretary on 7 July 2017. Ms Chapman and Ms Grant-Edwards are directors of Bellatrix Corporate Pty Ltd (**Bellatrix**), a company that provides company secretarial and accounting services to a number of ASX listed companies. Between them, Ms Chapman and Ms Grant-Edwards have over 40 years' experience in the provision of accounting, finance and company secretarial services to public listed resource and private companies in Australia and the UK, and in the field of public practice external audit.

## INTERESTS IN SHARES, OPTIONS AND PERFORMANCE RIGHTS OF THE COMPANY

As at the date of this report, the interests of the directors in the shares, options and performance rights on issue by Danakali Limited were:

Director	Ordinary Shares	Options over Ordinary Shares
S Cornelius	14,741,126	2,000,000
Paul Donaldson	1,145,693	-

## PRINCIPAL ACTIVITIES

The principal activity of the Group during the year ended 31 December 2023 was the disposal of its investment in CMSC in Eritrea, East Africa.

The company is now 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.

## CORPORATE STRUCTURE

Danakali Limited is a company limited by shares that is incorporated and domiciled in Australia.

## REVIEW OF OPERATIONS

### Disposal of Colluli Mining Share Company

On the 29 March 2023, the company disposed its interest in CMSC to Sichuan Road and Bridge Group Co., Ltd. (**SRBG**) for US\$166 million in upfront cash and deferred payments. The equity consideration amounted to US\$135 million, and the loan receivable amounted to US\$31 million. Net of all government taxes, Danakali received US\$105 million (AUD\$156 million) on the 29 March 2023, with a second tranche payment of US\$16 million received on 29 September 2023 (*DNK Announcement 29 September 2023*).

### Distribution to Shareholders

The Board announced a distribution of approximately 90% of the net proceeds from the sale of CMSC to the shareholders (*DNK Announcement 31 March 2023*). At the shareholders general meeting held on 24 November 2023, the shareholders approved a total return of capital of \$100,466,735 and the Board approved a special dividend of \$54,233,691 to shareholders as at 5:00pm (AWST) on 2 January 2024 (Record Date). The total distribution amounted to \$154,700,426 (*DNK Announcement 24 November 2023*).

The distribution was paid to shareholders on the 8 January 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. 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 engaging with the ASX with regards to its suspension and continues with its 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.

# Directors' Report

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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.

## CORPORATE

### Board and Management Changes

On 15 June 2023, Neil Gregson and Samaila Zubairu resigned as directors of the company following the successful sale of CMSC (*DNK Announcement 16 June 2023*).

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.

### Shares

There were no new shares issued during the year.

At 31 December 2023, there were a total of 368,334,346 fully paid ordinary shares on issue.

### Options

There were no unlisted options exercised during the period.

The following unlisted options expired during the period:

- 500,000 unlisted options at \$0.527 expired 29 January 2023
- 250,000 unlisted options at \$0.780 expired 24 March 2023
- 200,000 unlisted options at \$0.664 expired 8 July 2023

The shareholders approved the following classes of options to be cancelled (*DNK Announcement 24 November 2023*):

- 4,000,000 unlisted options at \$0.450 were cancelled for consideration of \$0.075 per option
- 250,000 unlisted options at \$0.501 were cancelled for consideration of \$0.010 per option

As at 31 December 2023, there was a total of 10,000,000 unlisted options on issue \$0.640 which expire on 30 July 2025. In accordance with Listing Rule 7.22.3, the exercise price of each option was reduced by the equivalent of the return of capital per share made to shareholders on the 8 January 2024. The options strike price was reduced by \$0.273 per option to \$0.367 (*DNK Announcement 19 January 2024*).

### Performance Rights

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

The following performance rights lapsed during the period:

- 280,000 Class 1 performance rights
- 80,000 Class 5 performance rights

As at 31 December 2023, there was no performance rights outstanding.

### Change of Auditors

Hall Chadwick were appointed as auditors' effective 31 May 2023 (*DNK Announcement 13 June 2023*).

### Annual General Meeting

The Company's annual general meeting was held on 31 May 2023 (**AGM**). For more information, refer to the Notice of AGM and Results available via the Company's website.

### General Meeting

The Company held a general meeting on 24 November 2023 (**GM**). For more information, refer to the Notice of GM and Results available via the Company's website.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

### Disposal of Colluli Mining Share Company

Refer to review of operations above for details (*DNK Announcement 30 March 2023*).

### Suspension from ASX

Refer to review of operations above for details (*DNK Announcement 3 April 2023*).

### Other

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



# Directors' Report

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## EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

At the shareholders meeting held on 24 November 2023, the shareholders approved a total return of capital of \$100,466,735 and the Board approved a special dividend of \$54,233,691 to shareholders as at 5:00pm (AWST) on 2 January 2024 (Record Date). The total distribution amounted to \$154,700,426 and was paid on 8 January 2024.

As at 31 December 2023, there was a total of 10,000,000 unlisted options on issue \$0.640 expiring 30 July 2025. In accordance with Listing Rule 7.22.3, the exercise price of each option was reduced by the equivalent of the return of capital per share made to shareholders on the 8 January 2024. The options strike price was reduced by \$0.273 per option to \$0.367 (*DNK Announcement 19 January 2024*).

On 15 February 2024 the Australian Taxation Office (**ATO**) published a Class Ruling (CR 2024/8) in relation to Danakali's distribution to shareholders which confirmed the Capital Return of 27.3 cents per share and Special dividend of 14.7 cents per share which was paid on 8 January 2024.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## ACTIVITIES PLANNED FOR 2024

The following key activities are planned over the coming year:

- Corporate development activities to acquire and develop new business opportunities.
- Engagement with the ASX and development activities to comply with the requirements of Listing Rule 12.1 and seek to be relisted.
- Ongoing compliance costs to maintain our license to operate.

## FINANCE REVIEW

The Group recorded a net profit of \$133,787,133 (discontinued operations - \$132,271,689) for the financial year to 31 December 2023 compared to a loss of \$3,502,021 (discontinued operations (profit) - \$998,428) for the financial year to 31 December 2022. As the Group has no material revenue streams, the net profit after tax primarily reflect the profit made on the disposal of the Colluli Project.

Total consolidated cash on hand at the end of the financial year was \$193,109,430 (31 December 2022: \$14,873,027).

Operating activities utilised \$4,621,269 (31 December 2022: \$4,905,062 utilised) of net cash flows. Net cash inflow from investing activities of \$183,187,321 (31 December 2022: \$3,055,601 outflows) was predominantly made in relation to:

- Disposal of the Colluli Mining Share Company
- Identification of new projects & growth opportunities.
- Capital restructure and proposed cash distribution to Shareholders.

Net cash outflow from financing activities amounted to \$302,500 during the financial year ended 31 December 2023 (31 December 2022: Nil), for the cancellation of options for consideration.

## DIVIDENDS & CAPITAL RETURN

No dividends were paid during the financial year to 31 December 2023.

At the shareholders meeting held on 24 November 2023, the shareholders approved a total return of capital of \$100,466,735 and the Board approved a special dividend of \$54,233,691 to shareholders as at 5:00pm (AWST) on 2 January 2024 (Record Date).

The total distribution amounted to \$154,700,426 and was paid on 8 January 2024.

# Directors' Report

## DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors and permanent Board sub-committees held during the financial year ended 31 December 2023 and the number of meetings attended by each Director were:

Director	Board of Directors		Audit and Risk Committee		Remuneration and Nomination Committee	
	Total meetings held / eligible to attend	Total attended	Total meetings held / eligible to attend	Total attended	Total meetings held / eligible to attend	Total attended
S Cornelius	12	10	5	5	1	1
P Donaldson	12	12	5	5	1	1
J Zhang	12	5	-	-	-	-
T Adeniji	12	5	-	-	-	-
N Gregson <sup>1</sup>	7	4	-	-	-	-
S Zubairu <sup>1</sup>	7	-	-	-	-	-

<sup>1</sup>Resigned 15 June 2023.

## OPTIONS

At the date of this report, unissued ordinary shares in respect of which options are outstanding are as follows:

	Number of options
Balance at the beginning of the year	15,200,000
<i>Movements of share options during the financial year ended 31 December 2023:</i>	
Expired, exercisable at \$0.664 on or before 8 July 2023 <sup>1</sup>	(200,000)
Expired, exercisable at \$0.527 on or before 29 January 2023	(500,000)
Expired, exercisable at \$0.780 on or before 24 March 2023	(250,000)
Cancelled, exercisable at \$0.501 on or before 3 December 2023	(250,000)
Cancelled, exercisable at \$0.450 on or before 31 December 2024	(4,000,000)
<b>Share options outstanding at 31 December 2023</b>	<b>10,000,000</b>
<i>Movements since the financial year ended 31 December 2023:</i>	
<b>Total number of share options outstanding as at the date of this report</b>	<b>10,000,000</b>

  

Expiry date	Exercise price	Number of options
30 July 2025	\$0.367 <sup>1</sup>	2,000,000
30 July 2025	\$0.367 <sup>1</sup>	8,000,000
<b>Total number of share options outstanding at the date of this report</b>		<b>10,000,000</b>

<sup>1</sup> In accordance with Listing Rule 7.22.3, the exercise price of each option was reduced by the equivalent of the return of capital per share made to shareholders on the 8 January 2024. The options strike price was reduced by \$0.273 per option to \$0.367 (DNK Announcement 19 January 2024).

There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option. No option holder has any right under the option to participate in any share issue of the Company.

No options were granted to KMP of the Company since the end of the financial year.

## PERFORMANCE RIGHTS

Details of performance rights over unissued shares in Danakali Ltd as at the date of this report are set out below:

	Number of rights
Balance at the beginning of the year	360,000
<i>Movements of performance rights during the financial year ended 31 December 2023:</i>	
Lapsed (a)	(360,000)
<b>Performance rights outstanding at 31 December 2023</b>	<b>-</b>
<i>Movements since the financial year ended 31 December 2023:</i>	
<b>Total number of performance rights as at the date of this report</b>	<b>-</b>

No performance rights holder has any right to participate in any other share issue of the Company or any other entity.

# Directors' Report

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

### Indemnification

An indemnity agreement has been entered into with each of the directors, company secretary and Key Management Personnel of the Company named earlier in this report. Under the agreements, the Company has agreed to indemnify those officers against any claim or for any expense or cost which may arise as a result of work performed in their respective capacities to the extent permitted by law. There is no monetary limit to the extent of this indemnity.

### Insurance

During the period, the Company paid an insurance premium in respect of Directors' and Officers' insurance. The premiums relate to costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome, and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage. Premiums totalling \$305,515 (2022: \$376,872) were paid in respect of directors' and officers' liability cover. The insurance policies outlined above do not contain details of the premiums paid in respect of individual officers of the Company.

## INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Hall Chadwick, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Hall Chadwick during or since the financial year.

## NON-AUDIT SERVICES

There were no non-audit services provided during the year.

All non-audit services provided would be subject to the corporate governance procedures adopted by the Company and would be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and the non-audit services provided would not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*, as they would not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

## CORPORATE GOVERNANCE

The Company's corporate governance statement can be found at the following URL: <https://danakali.com.au/about-us/>

## 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	MITIGATION / CONTROL
<b>Financial Risks</b>	
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.

# Directors' Report

<b>Compliance Risks</b>	
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.
The allocation of distribution to shareholders between capital and dividends is not in agreement with the ATO class ruling.	On 15 February 2024 the Australian Taxation Office ( <b>ATO</b> ) published a Class Ruling (CR 2024/8) in relation to Danakali's distribution to shareholders which confirmed the Capital Return of 27.3 cents per share and Special dividend of 14.7 cents per share which was paid on 8 January 2024.
<b>Operation Risks</b>	
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.
<b>Health &amp; Safety</b>	
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.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

## 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.

## REMUNERATION REPORT (AUDITED)

The Remuneration Report outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth) and its Regulations. For the purposes of this report, Key Management Personnel (**KMP**) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company. For the purposes of this report, the term 'Executive' includes the Executive Chairman, Chief Operating Officer and Chief Financial Officer of the Group.

The KMP of Danakali Ltd and the Group during the financial year to 31 December 2023 were:

### Directors

S Cornelius	Executive Chairman
P Donaldson	Non-Executive Director
J Zhang	Non-Executive Director
T Adeniji	Non-Executive Director
S Zubairu	Non-Executive Director (resigned 15 June 2023)
N Gregson	Non-Executive Director (resigned 15 June 2023)

### Non-Director KMP

G MacPherson	Chief Financial Officer
R McEachern	Chief Operations Officer

All of the above persons were KMP during the financial year to 31 December 2023 unless otherwise stated. The information provided in this remuneration report has been audited as required by section 308 (3C) of the *Corporations Act 2001*.

# Directors' Report

## Key Elements of KMP Remuneration Strategy

The remuneration strategy for Danakali Ltd is designed to provide rewards that achieve the following:

- Attract, retain, motivate and reward KMP;
- Reward KMP for Company and individual performance against targets set by reference to appropriate benchmarks;
- Link reward with the strategic goals and performance of the Company;
- Provide remuneration that is competitive by market standards;
- Align executive interests with those of the Company's shareholders; and
- Comply with applicable legal requirements and appropriate standards of governance.

The Company is satisfied that its remuneration framework reflects current business needs, shareholder views and contemporary market practice and is appropriate to attract, motivate, retain and reward employees.

A summary of the key elements of the remuneration arrangements during the period is as follows:

Remuneration Component	Item	Purpose	Link to Performance
Fixed Remuneration	<ul style="list-style-type: none"> <li>• Base salary</li> <li>• Superannuation contributions</li> </ul>	Provide competitive remuneration with reference to the role and responsibilities, market and experience, to attract high calibre people.	Executive performance and remuneration packages are reviewed by the Board and Remuneration and Nomination Committee. The review process includes consideration of the individual's performance in addition to the overall performance of the Group.
Performance Based Short Term Incentive (STI)	<ul style="list-style-type: none"> <li>• Cash bonus</li> <li>• Options / rights</li> </ul>	Provide reward to KMP for the achievement of individual and Group performance targets linked to the Company's short-term goals and strategic objectives.	Award of STI linked directly to achievement of company and individual KPI's and performance targets.
Performance Based: Long Term Incentive (LTI)	<ul style="list-style-type: none"> <li>• Shares</li> <li>• Options</li> <li>• Performance Rights</li> </ul>	Provide reward to KMP for their continued service and their contribution to achieving corporate objectives set by the Board to ensure the long-term growth of the Company.	Award of LTI linked directly to achievement of strategic Company objectives.

The Remuneration Report has been set out under the following headings:

- Decision Making Authority for Remuneration
- Principles Used to Determine the Nature and Amount of Remuneration
- Voting and Comments Made at the Last Annual General Meeting
- Details of Remuneration
- Service Agreements
- Details of Share Based Compensation
- Equity Instruments Held by KMP
- Loans to KMP
- Other Transactions with KMP
- Additional Information

### a) Decision Making Authority for Remuneration

The Company's remuneration policy and strategies are overseen by the Remuneration and Nomination Committee on behalf of the Board. The Remuneration and Nomination Committee is responsible for making recommendations to the Board on all aspects of remuneration arrangements for KMP including:

- the Company's remuneration policy and framework;
- the remuneration arrangements for the Chief Executive Officer, Executive Chairman and other KMP;
- the terms and conditions of long-term incentives and short-term incentives for the Chief Executive Officer, Executive Chairman and other KMP;
- the terms and conditions of employee incentive schemes; and
- the appropriate remuneration to be paid to non-executive Directors.

# Directors' Report

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The Remuneration and Nomination Committee Charter is approved by the Board and is published on the Company's website. Remuneration levels of the Directors and KMP are set by reference to other similar sized mining and development companies with similar risk profiles and are set to attract and retain KMP capable of managing the Group's operations.

Remuneration levels for Executives are determined by the Board based upon recommendations from the Remuneration and Nomination Committee. Remuneration of non-executive directors is determined by the Board within the maximum levels approved by the shareholders from time to time.

## **b) Principles Used to Determine the Nature and Amount of Remuneration**

The Company's remuneration practices are designed to attract, retain, motivate and reward high calibre people capable of delivering the strategic objectives of the Company. The Company's KMP remuneration framework aligns their remuneration with the achievement of strategic objectives and the creation of value for shareholders and conforms with market practice for delivery of reward.

The Remuneration and Nomination Committee ensures that the remuneration of KMP is competitive and reasonable, acceptable to shareholders and aligns remuneration with performance. The structure and level of remuneration for KMP is conducted annually by the Remuneration and Nomination Committee relative to the Company's circumstances, size, nature of business and performance.

### **Remuneration of Non-Executive Directors**

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board at times receives advice from independent remuneration consultants to ensure non-executive Directors fees and payments are appropriate and in line with the market. No advice was received during the period.

The general principles of non-executive Directors' compensation are:

- Non-executive Directors are paid a base fee prior to any statutory superannuation payments;
- Additional fees are paid to Directors who serve on the board sub-committees; and  
Adjustments may be made in the event that a specific non-executive Director's contribution warrants an adjustment. Such adjustments are at the recommendation of the board.

Fees for the non-executive directors are determined within an aggregate directors' fee pool limit of \$500,000 as approved by shareholders on 27 May 2019.

### **Remuneration of Executive Chairman**

Executive Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market and the specific requirements that the Company has of the Chairman.

The Executive Chairman is not present at any of the discussions relating to the determination of his own remuneration.

### **Remuneration of Executives**

The Company's remuneration and reward framework is designed to ensure reward structures are aligned with shareholders' interest by:

- Being market competitive to attract and retain high calibre individuals;
- Rewarding high individual performance,
- Recognising the contribution of each executive to the contributed growth and success of the Company, and
- Ensuring that long term incentives are linked to shareholder value.

To achieve these objectives, the remuneration of executive may comprise a fixed salary component and an 'at risk' variable component linked to performance of the individual and the Company as a whole. Fixed remuneration comprises base salary, superannuation contributions and other defined benefits. 'At risk' variable remuneration comprises both short term and long-term incentives.

The remuneration and reward framework for executive may consist of the following areas:

- i) Fixed Remuneration,
- ii) Variable Short-Term Incentives,
- iii) Variable Long-Term Incentives.

The combination of these would comprise the executive's total remuneration.

#### ***i) Fixed Remuneration***

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary and statutory superannuation. It is structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. External advice was taken this period and the recommendations have been actioned. Base salary

# Directors' Report

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for executives is reviewed periodically to ensure the executives' pay is competitive with the market. The pay of executives is also reviewed on promotion. There is no guaranteed pay increase included in any executive's contract.

**ii) Variable Remuneration – Short Term Incentives (STI)**

The Danakali Ltd Short-Term Incentive Scheme applies to executives in the Company and is designed to link any STI payment to shareholder value, with share price usually being used as the overarching performance metric. The Board has the discretion to reduce or suspend any bonus payments where Company circumstances render it appropriate.

**iii) Variable Remuneration – Long Term Incentives (LTI)**

Details of options issued to executives in the previous years can be found in section f(i) below.

**Voting and Comments Made at the Last Annual General Meeting**

The Company received 71.27% of votes in favour of its Remuneration Report for the financial year ending 31 December 2022 and received no specific feedback on its Remuneration Report at the Annual General Meeting or throughout the period.

**c) Details of Remuneration**

Details of the remuneration of the directors and other KMP of Danakali Ltd are set out in the following table. The disclosed directors' fees are inclusive of committee fees.

# Directors' Report

KMP of the Company for the financial year to 31 December 2023:

Financial Year to 31 December 2023	Short-Term Benefits		Post-Employment	Share Based Payments			Total Remuneration	Performance related <sup>(a)</sup>
	Salary and Fees	Performance Bonus	Super- annuation	Shares	STI Performance Rights	LTI Options		
	\$	\$	\$	\$	\$	\$	\$	%
<b>Executive Directors</b>								
S Cornelius	225,000	90,000	34,088	-	-	-	349,088	26%
<b>Non-Executive Directors</b>								
P Donaldson	56,000	-	6,020	-	-	-	62,020	0%
J Zhang	40,000	-	-	-	-	-	40,000	0%
T Adeniji	40,000	-	-	-	-	-	40,000	0%
N Gregson <sup>(b)</sup>	22,917	-	-	-	-	-	22,917	0%
S Zubairu <sup>(b)</sup>	18,333	-	-	-	-	-	18,333	0%
<b>Other Non-Director KMP</b>								
R McEachern	291,587	214,519	57,184	-	-	-	563,290	44%
G MacPherson	290,000	230,338	58,067	-	-	-	578,405	42%
<b>TOTAL</b>	<b>983,837</b>	<b>534,857</b>	<b>155,359</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,674,053</b>	<b>35%</b>

Note:

- (a) Performance related percentage calculated in reference to bonuses payments divided by total remuneration.
- (b) Resigned 15 June 2023.



# Directors' Report

KMP of the Company for the financial year to 31 December 2022:

Financial Year to 31 December 2022	Short-Term Benefits		Post-Employment	Share Based Payments			Total Remuneration	Performance related <sup>(b)</sup>
	Salary and Fees	Performance Bonus	Super- annuation	Shares	STI Performance Rights <sup>(a) (b)</sup>	LTI Options <sup>(a)</sup>		
	\$	\$	\$	\$	\$	\$	\$	%
<b>Executive Directors</b>								
S Cornelius	225,000	-	23,063	-	-	375,550 <sup>(c)</sup>	623,613	60%
<b>Non-Executive Directors</b>								
P Donaldson	56,000	-	5,740	-	-	-	61,740	0%
J Zhang	40,000	-	-	-	-	-	40,000	0%
N Gregson	50,000	-	-	-	-	-	50,000	0%
S Zubairu	40,030	-	-	-	-	-	40,030	0%
T Adeniji	40,030	-	-	-	-	-	40,030	0%
<b>Other Non-Director KMP</b>								
R McEachern <sup>(d)</sup>	283,488	-	28,931	-	157,500	-	469,919	33%
G MacPherson <sup>(d)</sup>	250,116	-	25,821	-	157,500	-	433,437	36%
<b>TOTAL</b>	<b>984,664</b>	<b>-</b>	<b>83,555</b>	<b>-</b>	<b>315,000</b>	<b>375,550</b>	<b>1,758,769</b>	<b>39%</b>

Note:

- (a) The recorded values of options will only be realised by the KMP's in the event the Company's share price exceeds the option exercise price. The recorded values of performance rights will only be realised by the KMP's in the event the Company achieves its stated objectives, which is expected to create further value for shareholders.
- (b) Performance related percentage calculated in reference to share based payments divided by total remuneration (excluding reversal amounts).
- (c) 4,000,000 options issued at an exercisable price of \$0.450, expiry date 31 December 2024.
- (d) 500,000 performance rights each were issued to G MacPherson & R McEachern on 28 March 2022. The conditions were not met and expired on 31 December 2022.

# Directors' Report

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Financial Year to 31 December 2023		
	Fixed Remuneration	At risk – STI	At risk - LTI
<b>Executive Directors</b>			
S Cornelius	40%	26%	-
<b>Non-Executive Directors</b>			
J Zhang	100%	-	-
P Donaldson	100%	-	-
T Adeniji	100%	-	-
N Gregson	100%	-	-
S Zubairu	100%	-	-
<b>Other Non-Director KMP</b>			
R McEachern	62%	38%	-
G MacPherson	60%	40%	-

## e) Service Agreements

Remuneration and other terms of employment for the executive managers are formalised in employment contracts. Other major provisions of the agreements relating to remuneration are set out below.

### S Cornelius, Executive Chairman:

- Appointed 26 February 2021.
- Engaged as a permanent part-time employee (0.6 FTE).
- Mr Cornelius's remuneration is \$225,000 per annum plus superannuation at the statutory rate. In addition, Mr Cornelius is eligible to participate in the Company's incentive plans, the terms and operation of which are at the discretion of the Board and subject to shareholder approval in the case of securities.
- Notice period of three months, required to be given by either party for termination.

### G MacPherson, Chief Financial Officer:

- Appointed 1 March 2022.
- Mr MacPherson's remuneration is \$290,000 per annum plus superannuation at the Australian statutory rate.
- Engaged as a permanent full-time employee.
- Notice period of three months, required to be given by either party for termination.

### R McEachern, Chief Operations Officer

- Appointed 3 December 2020.
- Engaged as a permanent full-time employee.
- Mr McEachern's salary is CAD 255,000 per annum plus superannuation at the Australian statutory rate and health insurance for Mr McEachern and his dependents.
- Notice period of three months, required to be given by either party for termination.

## f) Details of Share Based Compensation

### (i) Options

No new options were issued to KMP's during the period.

The terms and conditions of each grant of options constituting KMP remuneration that remain on issue to KMP at 31 December 2023 are set out in the following table:

Grant date	Vesting and first exercise date	Expiry date	Number of Options	Exercise price	Value per option at grant date	Vested and exercisable %
30 July 2021	30 July 2021	30 July 2025	2,000,000	\$0.640 <sup>(i)</sup>	\$0.171	100%
9 September 2021	9 September 2021	30 July 2025	4,000,000	\$0.640 <sup>(i)</sup>	\$0.140	100%
<b>Total Options</b>			<b>6,000,000</b>			

(i) In accordance with Listing Rule 7.22.3, the exercise price of each option was reduced by the equivalent of the return of capital per share made to shareholders on the 8 January 2024. The options strike price was reduced by \$0.273 per option to \$0.367 (DNK Announcement 19 January 2024).

# Directors' Report

Details of options over ordinary shares in the Company, provided as remuneration to KMP are set out in the following table.

Name	Year of grant	Year in which options vest	Number of options granted	Value of options at grant date	Unamortised value of options at 31 Dec 2023	Number of options vested	Vested and exercisable
S Cornelius	2021	2021	2,000,000	\$248,992	-	2,000,000	100%
R McEachern	2021	2021	2,000,000	\$280,806	-	2,000,000	100%
G MacPherson	2021	2021	2,000,000	\$280,806	-	2,000,000	100%
<b>Total Options</b>			<b>6,000,000</b>			<b>6,000,000</b>	

Options will automatically expire on the earlier of the expiry date or the date the holder ceases to be an employee of the Company, unless the Board otherwise may determine.

When exercisable, each option is convertible into one ordinary share. Further information on the options is set out in note 22.

## (ii) Performance Rights

There remain no performance rights held by KMP at 31 December 2023.

## g) Equity Instruments Held by KMP

### (i) Shares

No shares were granted as remuneration during the year ended 31 December 2023.

The number of shares in the Company held during the financial period by each director of Danakali Ltd and other KMP of the Group, including their personally related parties, are set out in the following tables.

Financial Year to 31 December 2023	Balance at 1 January 2023	Granted as compensation	Received on exercise of remuneration options	On market purchases/ (sales)	Other	Balance at 31 December 2023
<b>Shares</b>						
<b>Directors</b>						
S Cornelius	14,741,126	-	-	-	-	14,741,126
P Donaldson	1,145,693	-	-	-	-	1,145,693
J Zhang	-	-	-	-	-	-
T Adeniji	-	-	-	-	-	-
N Gregson <sup>(a)</sup>	80,000	-	-	-	-	80,000
S Zubairu	-	-	-	-	-	-
<b>Other KMP</b>						
G MacPherson	-	-	-	-	-	-
R McEachern	100,000	-	-	-	-	100,000
<b>TOTAL</b>	<b>16,066,819</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,066,819</b>

Note:

(a) Mr Neil Gregson held 80,000 shares on the date of his resignation on 15 June 2023.

### (ii) Options

The numbers of options over ordinary shares in the Company held during the financial period by each director of Danakali Ltd and other KMP of the Group, including their personally related parties, are set out in the following tables.

Financial Year to 31 December 2023	Balance at 1 January 2023	Granted	Exercised	Expired	Cancelled	Other	Balance at 31 December 2023	Vested and exercisable	Unvested
<b>Options</b>									
<b>Directors</b>									
S Cornelius	6,000,000	-	-	-	(4,000,000)	-	2,000,000	2,000,000	-
<b>Other KMP</b>									
G MacPherson	2,000,000	-	-	-	-	-	2,000,000	2,000,000	-
R McEachern	2,250,000	-	-	-	(250,000)	-	2,000,000	2,000,000	-
<b>TOTAL</b>	<b>10,250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,250,000)</b>	<b>-</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>-</b>

# Directors' Report

## **(iii) Performance Rights held by KMP**

There remain no performance rights held by KMP at 31 December 2023.

## **h) Loans to KMP**

There were no loans to KMP during the period.

## **i) Cancellation of option for consideration**

The shareholders approved that 4,250,000 options held by key management be cancelled for a total consideration of \$302,500 (*DNK Announcement 24 November 2023*).

## **(j) Other Transactions with KMP**

There were no other transactions with KMP during the period.

## **k) Additional Information**

The remuneration structure has been set up with the objective of attracting and retaining the highest calibre staff who contribute to the success of the Company's performance and individual rewards. The remuneration policies seek a balance between the interests of stakeholders and competitive market remuneration levels. The overall level of KMP compensation takes into account the performance of the Group over a number of years and the stage of activities the Company is engaged in.

The table below shows the performance of the Group over the last 5 reporting periods:

<b>Financial Year</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Basic profit/(loss) per share	0.3632	(0.095)	(0.0287)	(0.0259)	(0.0116)
– Continuing Operations	0.0041	(0.0122)	(0.0287)	(0.0259)	(0.0116)
– Discontinued Operations	0.3591	0.0027	N/A	N/A	N/A
Share Price	\$0.41 <sup>(1)</sup>	\$0.39	\$0.43	\$0.315	\$0.60
Profit/(Loss) for the period	133,787,133	(3,502,352)	(\$10,037,168)	(\$8,259,370)	(\$3,148,734)
– Continuing Operations	1,515,444	(4,500,780)	(0.0287)	(0.0259)	(0.0116)
– Discontinued Operations	132,271,689	998,428	N/A	N/A	N/A

(i) Closing share price on date of suspension on 3 April 2023.

The Company continues to review its remuneration framework to ensure it reflects current business needs, shareholder views and contemporary market practice and remains appropriate to attract, motivate, retain and reward employees.

**-- END OF REMUNERATION REPORT --**

# Directors' Report

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## Directors' resolution

This report is signed in accordance with a resolution of the Board of Directors dated 27 March 2024.



Mr Seamus Cornelius  
Executive Chairman

27 March 2024

To the Board of Directors,

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

As lead audit Director for the audit of the financial statements of Danakali Limited for the financial year ended 31 December 2023, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

*Hall Chadwick*  
HALL CHADWICK WA AUDIT PTY LTD

*Mark Delaurentis*  
MARK DELAURENTIS CA  
Director

Dated this 27<sup>th</sup> day of March 2024  
Perth, Western Australia

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 \$	2022 \$ Restated
<b>CONTINUING OPERATIONS</b>			
<b>Revenue and Other Income</b>			
Interest revenue	4	5,829,251	89,484
Sundry		87,743	-
<b>Expenses</b>			
Depreciation expense	9	(5,089)	(8,335)
Loss on disposal of plant and equipment	9	(849)	(6,475)
Administration expenses	5	(4,287,875)	(4,222,734)
Share based payment expense	22	-	(235,310)
Foreign exchange gain/(loss)		(107,737)	(117,411)
<b>Profit/(Loss) before Income Tax from Continuing Operations</b>		<b>1,515,444</b>	<b>(4,500,449)</b>
<hr/>			
Income tax expense	7	-	-
<b>Profit/(Loss) for the Year from Continuing Operations</b>		<b>1,515,444</b>	<b>(4,500,449)</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit after tax for the year from discontinued operations	10	132,271,689	998,428
<b>Profit/(loss) for the year</b>		<b>133,787,133</b>	<b>(3,502,352)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Divestment of subsidiary - Foreign exchange		(2,590,023)	-
<b>Total Comprehensive Profit/(Loss) for the Year</b>		<b>131,197,110</b>	<b>(3,502,352)</b>
<b>Earnings/(loss) per share attributable to the ordinary equity holders of the Company:</b>			
Basic profit/(loss) per share (cents per share)	17	36.32	(0.95)
Diluted profit/(loss) per share (cents per share)	17	36.32	(0.95)
<b>Earnings/(loss) per share from continuing operations:</b>			
Basic profit/(loss) per share (cents per share)	17	0.41	(1.22)
Diluted profit/(loss) per share (cents per share)	17	0.41	(1.22)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2023

	Notes	2023 \$	2022 \$ Restated
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	193,109,430	14,873,027
Receivables	8	2,264,324	25,163
Prepayments		165,982	78,013
<b>TOTAL CURRENT ASSETS</b>		<b>195,539,736</b>	<b>14,976,203</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	8	-	13,398,870
Investment in joint venture	11	-	36,482,469
Plant and equipment	9	9,526	15,464
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,526</b>	<b>49,896,803</b>
<b>TOTAL ASSETS</b>		<b>195,549,262</b>	<b>64,873,006</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	488,196	761,675
Provisions	13	184,280	141,024
<b>TOTAL CURRENT LIABILITIES</b>		<b>672,476</b>	<b>902,699</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	64,029	52,160
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>64,029</b>	<b>52,160</b>
<b>TOTAL LIABILITIES</b>		<b>736,505</b>	<b>954,859</b>
<b>NET ASSETS</b>		<b>194,812,757</b>	<b>63,918,147</b>
<b>EQUITY</b>			
Issued capital	14	135,716,735	127,866,319
Reserves	15	1,244,959	16,458,029
Accumulated losses	16	57,851,063	(80,406,201)
<b>TOTAL EQUITY</b>		<b>194,812,757</b>	<b>63,918,147</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Reserves			Accumulated Profit / (Losses)	Total Equity
		Issued Capital	Share Based Payments	Foreign Currency Translation		
		\$	\$	\$	\$	\$
<b>BALANCE AT 1 JANUARY 2023</b>		<b>127,866,319</b>	<b>13,868,006</b>	<b>2,590,023</b>	<b>(80,406,201)</b>	<b>63,918,147</b>
Profit for the period		-	-	-	133,787,133	133,787,133
Other comprehensive income		-	-	(2,590,023)	-	(2,590,023)
<b>Total comprehensive loss for the period</b>		-	-	-	133,787,133	131,197,110
<b>Transactions with owners in their capacity as owners:</b>						
Share based payments	15					
- Transfer reserve due to exercise share based payments		7,850,416	(12,320,547)	-	4,470,131	-
- Cancellation of Share Based payments		-	(302,500)	-	-	(302,500)
<b>BALANCE AT 31 DECEMBER 2023</b>		<b>135,716,735</b>	<b>1,244,959</b>	<b>-</b>	<b>57,851,063</b>	<b>194,812,757</b>
<b>BALANCE AT 1 JANUARY 2022</b>		<b>127,866,319</b>	<b>13,632,696</b>	<b>1,475,207</b>	<b>(75,789,033)</b>	<b>67,185,189</b>
Loss for the period		-	-	-	(4,617,168)	(4,617,168)
Other comprehensive income		-	-	1,114,816	-	1,114,816
<b>Total comprehensive loss for the period</b>		-	-	1,114,816	(4,617,168)	(3,502,352)
<b>Transactions with owners in their capacity as owners:</b>						
Share based payments	15	-	235,310	-	-	235,310
<b>BALANCE AT 31 DECEMBER 2022</b>		<b>127,866,319</b>	<b>13,868,006</b>	<b>2,590,023</b>	<b>(80,406,201)</b>	<b>63,918,147</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		133,787,133	(3,502,352)
Adjusted for:			
Finance Income		(5,829,251)	(89,484)
Foreign exchange losses		27,149	50,727
(Gains)/loss from discontinued operations		(132,939,627)	(998,428)
Depreciation of property plant and equipment		5,089	8,335
Loss on disposal of assets		849	6,475
Share based payments		-	235,310
Increase/(decrease) in provisions		55,126	36,188
<b>Operating cashflows before movement in working capital</b>		<b>(4,893,532)</b>	<b>(4,162,899)</b>
Decrease/(increase) in trade and other receivables		(91,953)	55,282
Increase/(Decrease in trade and other payables)		364,216	(707,445)
<b>NET CASH INFLOW/(OUTFLOW) USED IN OPERATING ACTIVITIES</b>		<b>(4,621,269)</b>	<b>(4,905,062)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Funding of joint venture		(16,301)	(3,141,640)
Net proceeds from the disposal of investment		179,609,548	-
Interest received		3,594,074	89,484
Payments for plant and equipment		-	(3,445)
<b>NET CASH INFLOW/(OUTFLOW) USED IN INVESTING ACTIVITIES</b>		<b>183,187,321</b>	<b>(3,055,601)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for the cancellation of options		(302,500)	-
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		<b>(302,500)</b>	<b>-</b>
NET INCREASE / (DECREASE) IN CASH		178,263,552	(7,960,663)
Cash at the beginning of the financial year		14,873,027	22,884,417
Net foreign exchange differences		(27,149)	(50,727)
<b>CASH AT THE END OF THE YEAR</b>	6	<b>193,109,430</b>	<b>14,873,027</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

## 1. GENERAL INFORMATION

Danakali Ltd (**Danakali** or the **Company**) is a for profit company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly listed on the Australian Securities Exchange (**ASX**). The consolidated financial report of the group as at, and for the year ended 31 December 2023 comprises the Company and its subsidiaries (together referred to as the **Group**). The address of the registered office is Level 1, 2A / 300 Fitzgerald Street, North Perth, WA, 6006.

The financial statements are presented in the Australian currency.

The financial report of Danakali for the year ended 31 December 2023 was authorised for issue by the Directors on 27 March 2024. The directors have the power to amend and reissue the financial statements.

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

## 2. BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

The consolidated financial statements of the Danakali Ltd Group also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

These consolidated financial statements have been prepared under the historical cost convention, except for the loan to the joint venture that was measured at fair value.

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

The Group applied all new and amended Accounting Standards and Interpretations that were effective as at 1 January 2023.

### (b) New accounting standards and interpretations not yet effective

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 31 December 2023. The Group assessed that the new accounting standards and interpretation not yet effective do not have a significant impact on the Group. The standards relevant to the Group are outlined in the table below.

Reference	Title	Summary
AASB 2021-5	Amendments to AASs - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	<p>AASB 112 <i>Income Taxes</i> requires entities to account for income tax consequences when economic transactions take place, and not at the time when income tax payments or recoveries are made. Accounting for such tax consequences, means entities need to consider the differences between tax rules and accounting standards. These differences could either be:</p> <ul style="list-style-type: none"><li>• Permanent – e.g., when tax rules do not allow a certain expense to <b>ever</b> be deducted</li></ul> <p>Or</p> <ul style="list-style-type: none"><li>• Temporary – e.g., when tax rules treat an item of income as taxable in a period later than when included in the accounting profit</li></ul> <p>Deferred taxes representing amounts of income tax payable or recoverable in the future must be recognised on temporary differences unless prohibited by AASB 112 in certain circumstances. One of these circumstances, known as the initial recognition exception, applies when a transaction affects neither accounting profit nor taxable profit, and is not a business combination. Views differ about applying this exception to transactions that, on initial recognition, create both an asset and liability (and could give rise to equal amounts of taxable and deductible temporary differences) such as:</p> <ul style="list-style-type: none"><li>• Recognising a right-of-use asset and a lease liability when commencing a lease</li></ul>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

Reference	Title	Summary
		<ul style="list-style-type: none"> <li>• Recognising decommissioning, restoration and similar liabilities with corresponding amounts included in the cost of the related asset</li> </ul> <p>The amendments to AASB 112 clarify that the exception would not normally apply. That is, the scope of this exception has been narrowed such that it no longer applies to transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.</p> <p>The amendments apply from the beginning of the earliest comparative period presented to:</p> <ul style="list-style-type: none"> <li>• All transactions occurring on or after that date</li> <li>• Deferred tax balances, arising from leases and decommissioning, restoration and similar liabilities, existing at that date</li> </ul> <p>The cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. Earlier application of the amendments is permitted.</p> <p>The Group assessed that this amended accounting standards does not have a significant impact on the Group.</p>
AASB 2021-2	Amendments to AASB 108 – Definition of Accounting Estimates	<p>An accounting policy may require items in the financial statements to be measured using information that is either directly observable, or estimated. Accounting estimates use inputs and measurement techniques that require judgements and assumptions based on the latest available, reliable information.</p> <p>The amendments to AASB 108 clarify the definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The distinction is necessary as their treatment and disclosure requirements are different. Critically, a change in an accounting estimate is applied prospectively whereas a change in an accounting policy is generally applied retrospectively.</p> <p>The new definition provides that ‘Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.’ The amendments explain that a change in an input or a measurement technique used to develop an accounting estimate is considered a change in an accounting estimate unless it is correcting a prior period error.</p> <ul style="list-style-type: none"> <li>• For example, a change in a valuation technique used to measure the fair value of an investment property from market approach to income approach would be treated as a change in estimate rather than a change in accounting policy.</li> <li>• In contrast, a change in an underlying measurement objective, such as changing the measurement basis of investment property from cost to fair value, would be treated as a change in accounting policy.</li> </ul> <p>The amendments did not change the existing treatment for a situation where it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate. In such a case, the change is accounted for as a change in an accounting estimate.</p>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

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## **(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 business 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 \$193,109,430 (31 December 2022: \$14,873,027) and a net working capital surplus of \$194,867,260 (31 December 2022: \$14,073,504). The existing cash reserves are sufficient to cover the working capital requirements of the Group for the next 12 months.

## **(d) Principles of consolidation**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## **(e) Non-current assets held for sale and discontinued operations**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

## **(f) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

## **(g) Foreign currency translation**

### ***(i) Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Danakali's functional and presentation currency.

### ***(ii) Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### ***(iii) Foreign operations***

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

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- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

## (h) Interest revenue

Interest revenue is recognised using the effective interest rate method.

## (i) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## (j) Leases

### **Group as Lessee**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **(i) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption for those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of plant and equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### **(k) Impairment of assets**

Assets are reviewed for impairment annually to determine if events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. For the purposes of assessing impairment, assets are consolidated at the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### **(l) Cash and cash equivalents**

For Consolidated Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

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## **(m) Receivables**

### *(i) Initial recognition*

Receivables are initially recognised and measured at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss (**FVTPL**). The loan to CMSC is measured at FVTPL.

### *(ii) Subsequent measurement*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

### *(iii) Impairment*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovering the contractual cash flow.

## **(n) Investment in joint venture**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investment in a joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its' carrying value, then recognises the loss as 'Share of profit of the equity accounted investment' in profit or loss.

Upon loss of joint control over a joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

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## **(o) Plant and equipment**

All plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

The assets' residual values and useful lives are reviewed, and adjusted prospectively if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

## **(p) Exploration and evaluation costs**

Acquired exploration and evaluation costs are capitalised. Ongoing exploration and evaluation costs are expensed in the period they are incurred.

## **(q) Development Expenditure costs**

When proven mineral reserves are determined and an application for development has been submitted subsequent development expenditure is capitalised as development capital, a non-current asset, provided commercial viability conditions continue to be satisfied. Capitalised exploration and evaluation expenditure is reclassified into capitalised development costs and evaluated for impairment annually. On completion of development, all capitalised development costs including capitalised exploration and evaluation expenditure are transferred to mine properties and depreciation commences.

## **(r) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

## **(s) Employee benefits**

### ***(i) Wages and salaries, annual leave and long service leave***

Liabilities for wages and salaries, including non-monetary benefits, and other short terms benefits expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits are measured using the projected unit credit valuation method.

### ***(ii) Share-based payments***

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for options or rights over shares ('equity-settled transactions') refer to note 22.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of options is determined by an internal valuation using a Black-Scholes option pricing model. The fair value of performance rights is determined by consideration of the Company's share price at the grant date.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options or rights that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition or awards with non-vesting conditions.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

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were a modification of the original award.

## **(t) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Consolidated Entity has the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## **(u) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. Borrowing costs are capitalised from the date that sufficient funding has been secured and unconditional and the project development execution has started. This judgment will be reviewed periodically relative to the Project development. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## **(v) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **(w) Earnings per share**

### **(i) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

### **(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## **(x) Critical accounting judgements, estimates and assumptions**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

## **(y) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

## **(z) Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

## **3. SEGMENT INFORMATION**

The Group was organised into one main operating segment which involves the exploration of minerals in Eritrea upto the date of disposal (29 March 2023). All of the Group's activities were interrelated and discrete financial information was reported to the Board (Chief Operating Decision Maker) as a single segment. The disposal of this segment has been included separately under discontinued operation.

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 31 December 2023.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

## 4. REVENUE

	2023 \$	2022 \$
Interest revenue	5,829,251	89,484

## 5. EXPENSES

	2023 \$	2022 \$
Employee benefits (net of recharges)	2,009,062	1,452,072
Financial advisory & consultancy fees	365,364	1,116,726
Directors' fees	532,357	479,863
Compliance and regulatory expenses	108,057	91,198
Lease payments relating to short term leases	64,500	59,785
Insurance	374,304	407,179
Investor and public relations	162,187	164,681
Other administration expenses	672,044	451,230
	4,287,875	4,222,734

## 6. CASH AND CASH EQUIVALENTS

	2023 \$	2022 \$
Cash at bank and on hand	193,109,430	14,873,027
	193,109,430	14,873,027

Cash at bank earns interest at floating rates and at a fixed rate on term deposit.

## 7. INCOME TAX

	2023 \$	2022 \$
<b>(a) Income tax recognised in profit or loss</b>		
Current tax	-	-
Deferred tax	-	-
Total tax benefit/(expense)	-	-
<b>(b) Reconciliation of income tax expense to prima facie tax payable</b>		
Profit/(loss) before income tax expense	133,787,133	(3,502,352)
Prima facie tax benefit at the Australian tax rate of 30.0% (2022: 30.0%)	40,136,140	(1,050,706)
Adjustment of under-provision of deferred tax in prior year	(968,600)	(351,974)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
<i>Net (gain)/ loss on discontinued operations</i>	(39,237,346)	(144,352)
<i>Share-based payments</i>	-	70,593
Movements in unrecognised temporary differences	69,806	1,476,439
Income tax expense/(benefit)	-	-

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

## (c) Deferred Income Tax

Deferred income tax at 31 December relates to the following:

	Statement of Financial Position		Statement of Comprehensive Income		Statement of Change in Equity	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
<i>Deferred Tax Liabilities:</i>						
Unrealised foreign exchange gain/loss	-	(139,029)	139,029	624,614	-	-
Prepayments	(49,794)	(23,404)	(26,390)	(23,404)	-	-
<i>Deferred Tax Assets:</i>						
Provision for employee entitlements	74,493	57,955	16,538	10,856	-	-
Accrued expenditure	121,380	-	121,380	(217,200)	-	-
Share issue expenses	261,595	564,158	-	-	(302,563)	(302,563)
Tax losses	9,822,798	10,003,550	(180,752)	1,081,573	-	-
Net deferred tax assets not recognised as utilisation is not probable	(10,230,472)	(10,463,230)	(69,805)	(1,476,439)	302,563	302,563
	-	-	-	-	-	-

## 8. RECEIVABLES

	2023	2022
	\$	\$
<b>Current</b>		
Net GST receivable	29,148	25,163
Interest receivable on term deposit	2,235,176	-
	<u>2,264,324</u>	<u>25,163</u>
<b>Non-Current</b>		
Loan to Colluli Mining Share Company – at fair value	-	13,398,870
Carrying value of loans	<u>-</u>	<u>13,398,870</u>

Until the sale of the Group's interest in CMSC on March 29, 2023, Danakali's wholly owned subsidiary, Danakali Investments Pty Ltd (previously STB Eritrea Pty Ltd), was funding CMSC for the development of the Colluli Potash Project and 50% of the funding was represented in the form of a shareholder loan. This loan was repaid as part of the sale agreement. Until the sale, the value of the loan was discounted by applying a market interest rate of 25%.

	2023	2022
	\$	\$
<b>Reconciliation of movement in loan to Colluli Mining Share Company</b>		
Opening carrying amount at beginning of the year	13,398,870	10,597,238
Additional loans during the year	1,790	122,784
Reversal of employee benefits recharged to JV	-	(791,467)
Foreign exchange gain/(loss)	540,186	745,484
Net gain/(loss) on financial assets at fair value through profit or loss	781,873	2,724,831
Repayment via sale	(14,722,719)	-
Closing carrying amount at end of the year	<u>-</u>	<u>13,398,870</u>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

## 9. PLANT AND EQUIPMENT

	2023 \$	2022 \$
<b>Plant and equipment</b>		
Gross carrying value – at cost	36,471	38,518
Accumulated depreciation	(26,945)	(23,054)
Net book amount	<u>9,526</u>	<u>15,464</u>
<b>Plant and equipment</b>		
Opening net book amount at beginning of the year	15,464	26,829
Additions	-	-
Disposals/Retirement	(849)	(3,030)
Depreciation charge	(5,089)	(8,335)
Closing net book amount at end of the year	<u>9,526</u>	<u>15,464</u>

## 10. 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:

	2023 \$	2022 \$
<b>REVENUE</b>		
Net gain/(loss) on financial assets at fair value through profit or loss	27,861,476	2,724,831
Realised foreign exchange gain	5,413,267	517,853
Unrealised foreign exchange gain	1,757,791	-
Net interest on loan (Unwinding discount)	783,238	-
Gain on disposal of interest in CMSC <sup>a</sup>	164,543,879	-
<b>EXPENSES</b>		
Share of loss from JV	(417,378)	(3,358,802)
Other Expenses	(733)	-
Profit/(Loss) before tax from discontinued operations	<u>199,941,540</u>	<u>(116,388)</u>
Tax: Foreign taxes on disposal	(67,669,851)	-
Share of Foreign Currency Translation Reserve (OCI)	-	1,114,816
<b>Profit/(Loss) for the year from discontinued operations</b>	<u><b>132,271,689</b></u>	<u><b>998,428</b></u>

### Earnings per share for discontinued operations:

Basic profit per share (cents per share)	35.91	0.27
Diluted profit per share (cents per share)	35.91	0.27

<sup>a</sup> Details of Gain on Disposal:

	\$
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:

	2023 \$	2022 \$
Operating	-	-
Investing	155,198,028	(3,141,640)
Financing	-	-
Net cash (outflow)/inflow	<u>155,198,028</u>	<u>(3,141,640)</u>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

## 11. INVESTMENT IN JOINT VENTURE

The Group has an interest in the following joint arrangement:

Project	Activities	Equity Interest		Carrying Value	
		2023 %	2022 %	2023 \$	2022 \$
Colluli Potash	Mineral Exploration	-	50	-	36,482,469

The group acquired an interest in CMSC at the date of its incorporation on 5 March 2014. This acquisition was in accordance with the Shareholders Agreement entered into with the ENAMCO and executed in November 2013. CMSC was incorporated in Eritrea, in accordance with the Shareholders Agreement, to hold the Colluli project with Danakali and ENAMCO holding 50% of the equity each. On 29 March 2023, the Group disposed its interest in the CMSC to SRBG.

Up to the date of disposal, the Group's 50% interest in CMSC was accounted for as a joint venture using the equity method. The following tables summarise the financial information of the Group's investment in CMSC at 31 December 2023.

	2023 \$	2022 \$
<b>Reconciliation of movement in investments accounted for using the equity method:</b>		
Opening carrying amount at beginning of the year	36,482,469	34,916,132
Net additional investment during the year	15,866	3,018,856
Technical recharge reversal	-	791,467
Share of net (loss)/profit for the year	(417,378)	(3,358,802)
Other comprehensive income for the year	-	1,114,816
Disposal via sale	(36,080,957)	-
Closing carrying amount at end of the year	-	36,482,469

### Summarised financial information of joint venture:

	2022 \$
<b>Financial position (Aligned to Danakali accounting policies)</b>	
<i>Current Assets:</i>	
Cash	306,301
Other current assets	669,750
	<u>976,051</u>
<i>Non-current assets</i>	
Fixed Assets	70,555
Development costs capitalised	42,390,996
	<u>42,461,551</u>
<i>Current liabilities</i>	
Trade & other payables and provisions	(121,691)
	<u>(121,691)</u>
<i>Non-current liabilities</i>	
Loan from Danakali Ltd – at amortised cost	(14,782,060)
	<u>(14,782,060)</u>
NET ASSETS	28,533,851
Group's share of net assets	<u>14,266,926</u>
<b>Reconciliation of Equity Investment:</b>	
Group's share of net assets	14,266,926
Equity contributions	22,215,544
Carrying amount at the end of the period	<u>36,482,469</u>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

	2022 \$
<b>Financial performance</b>	
Interest expense relating to the unwinding of discount on joint venture loan	(2,806,575)
(Loss)/gain on re-measurement of loan to joint venture carried at amortised cost	-
General administrative costs	(3,911,029)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<b>(6,717,604)</b>
Group's share of total gain/(loss) for the year	(3,358,802)

During the year ended 31 December 2023 no dividends were paid or declared (2022: Nil).

## 12. TRADE AND OTHER PAYABLES

	2023 \$	2022 \$
Trade payables <sup>(i)</sup>	58,703	702,130
Accrued expenses	404,602	-
Other payables	24,891	59,545
	<u>488,196</u>	<u>761,675</u>

(i) Includes Financial Advisor fees payable for an amount of \$642,532 on the cancellation of the CMSC debt facility with AFC and Afrexim.

## 13. PROVISIONS

	2023 \$	2022 \$
<b>Current</b>		
Employee entitlements	184,280	141,024
<b>Non-Current</b>		
Employee entitlements	64,029	52,160
	<u>248,309</u>	<u>193,184</u>

Employee entitlements relate to the balance of annual leave and long service leave accrued by the Group's employees. Recognition and measurement criteria have been disclosed in note 2.

## 14. ISSUED CAPITAL

	2023		2022	
	Number of shares	\$	Number of shares	\$
<b>(a) Share capital</b>				
Ordinary shares fully paid	368,334,346	135,716,735	368,334,346	127,866,319
Total issued capital	<u>368,334,346</u>	<u>135,716,735</u>	<u>368,334,346</u>	<u>127,866,319</u>
<b>(b) Movements in ordinary share capital</b>				
Balance at the beginning of the year	368,334,346	127,866,319	368,334,346	127,866,319
<i>Issued during the year:</i>				
– Re-allocated from share-based payment reserve	-	7,850,416	-	-
Balance at the end of the year	<u>368,334,346</u>	<u>135,716,735</u>	<u>368,334,346</u>	<u>127,866,319</u>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

## (c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

	2023 Options	2022 Options
<b>(d) Movements in options on issue</b>		
Balance at beginning of the year	15,200,000	15,264,112
<i>Issued during the year:</i>		
– Exercisable at \$0.450, on or before 31 December 2024	-	4,000,000
<i>Exercised, lapsed, cancelled or expired during the year:</i>		
– Cancelled, exercisable at \$0.450 on or before 31 December 2024	(4,000,000)	-
– Cancelled, exercisable at \$0.501 on or before 3 December 2023	(250,000)	-
– Expired, exercisable at \$0.664 on or before 8 July 2023	(200,000)	-
– Expired, exercisable at \$0.527 on or before 29 January 2023	(500,000)	-
– Expired, exercisable at \$0.780 on or before 24 March 2023	(250,000)	-
– Expired, exercisable at \$1.031 on or before 24 January 2022	-	(1,469,312)
– Expired, exercisable at \$1.108 on or before 13 March 2022	-	(583,000)
– Expired, exercisable at \$1.119 on or before 28 March 2022	-	(561,800)
– Expired, exercisable at \$1.114 on or before 30 May 2022	-	(1,450,000)
Balance at end of the year	10,000,000	15,200,000

## (e) Movements in performance rights on issue

There were no performance rights on issue on 31 December 2023, and no movements during the year.

## 15. RESERVES

	2023 \$	2022 \$
<b>(a) Reserves</b>		
<b>Share-based payments reserve</b>		
Balance at beginning of the year	13,868,006	13,632,696
Transferred to share capital	(7,850,416)	
Transfer to retained earnings	(4,470,131)	
Employee and contractor share options and performance rights (note 22)	(302,500)	235,310
Balance at end of the year	1,244,959	13,868,006
<b>Foreign currency translation reserve</b>		
Balance at beginning of the year	2,590,023	1,475,207
Written off on sale of investment	(2,590,023)	
Currency translation differences arising during the year/ period		1,114,816
Balance at end of the year	-	2,590,023
<b>Total reserves</b>	1,244,959	16,458,029

## (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.

### Foreign currency translation reserve

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

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

## 16. ACCUMULATED LOSSES

	2023	2022
	\$	\$
Balance at beginning of the year	(80,406,201)	(75,789,033)
Transfer from share-based payment reserve	4,470,131	
Profit/(loss) for the year	133,787,133	(3,502,352)
Other comprehensive income from discontinued operations	-	(1,114,816)
Balance at end of the year	57,851,063	(80,406,201)

## 17. EARNINGS PER SHARE

### (a) Reconciliation of earnings used in calculating earnings per share (EPS)

	2023	2022
	\$	\$
		Restated
Profit/(Loss) attributable to ordinary equity holders of the company		
- Continuing Operations	1,515,444	(4,500,780)
- Discontinuing Operations	132,271,689	998,428
Profit/(Loss) attributable to the owners of the Company used in calculating basic and diluted loss per share	133,787,133	(3,502,352)

### (b) Weighted average number of shares used as the denominator

	2023	2022
	No. of Shares	No. of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	368,334,346	368,334,346
Weighted average number of ordinary shares used as the denominator in calculating diluted loss per share	368,334,346	368,334,346

A total of 10,000,000 (2022: 15,200,000) share options and 0 (2022: 360,000) performance rights were outstanding at the end of the year, which were excluded in the diluted EPS calculation. As the strike price of the outstanding options are significantly above the current market price they have been excluded. The diluted EPS was equal to the basic EPS because as they were anti-dilutive for that year.

## 18. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market, liquidity and credit risks arising from its financial instruments.

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to meet all of its financial commitments and maintain the capacity to fund the activities of the business. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of risks.

Market (including foreign exchange and interest rate risks), liquidity and credit risks arise in the normal course of business. These risks are managed under Board approved treasury processes and transactions.

The principal financial instruments as at reporting date include cash, receivables and payables.

This note presents information about exposures to the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

### (a) Market risk

#### (i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements.

The loan receivable of \$nil (2022: \$13,398,870) to CMSC is denominated in US Dollars.

As at 31 December 2023, the Group held \$378 (2022: \$nil) of cash and term deposits denominated in US Dollars.

Included within trade and other payables are \$nil (2022: \$642,532) trade payables and \$nil (2022: nil) accrued expenses denominated in US Dollars.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

The following table demonstrates the sensitivity to a reasonably possible change in US Dollar exchange rates, with all other variables held constant. A strengthening of the Australian Dollar rate results in an increased loss before tax. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD Rate %	Effect on Loss before tax \$ (increase) decrease	Effect on Equity \$ (increase) decrease
Year to 31 December 2023	+5%	-	-
	-5%	-	-
Year to 31 December 2022	+5%	(652,220)	652,220
	-5%	652,220	(652,220)

## (ii) Interest rate risk

The Group is exposed to movements in market interest rates on cash. The Group's policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash for the Group of \$193,109,430 (2022: \$14,873,027) is subject to interest rate risk. The weighted average interest rate received on cash by the Group was 4.7% (2022: 0.60%).

The Group was also exposed to interest rate risk on the loan receivable for the year ending 31 December 2022 which was measured at fair value.

## (b) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings.

The Board of Directors constantly monitors the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the Consolidated Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

## (c) Credit risk

The Group's significant concentration of credit risk includes cash, which is held with a major Australian bank with AA3 credit rating, accordingly the credit risk exposure is minimal. The maximum exposure to credit risk at balance date is the carrying amount of cash as disclosed in the Consolidated Statement of Financial Position and Notes to the Consolidated Financial Statements.

The Group does not presently have any material debtors. A formal credit risk management policy is not maintained in respect of debtors.

## (d) Fair values

The company had no financial instruments, other than cash at bank and on hand and short-term deposits, held by the group as at 31 December 2023.

Set out below is an overview of financial instruments, other than cash at bank and on hand and short-term deposits, held by the group as at 31 December 2022:

	At amortised cost \$	Fair value through profit and loss \$	Fair value through other comprehensive income \$
<b>Financial Assets:</b>			
Receivable	-	13,398,870	-
Total non-current	-	13,398,870	-
Total Assets	-	13,398,870	-

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

Set out below is a comparison of the carrying amount and fair values of financial instruments as at 31 December 2022:

	Carrying Value \$	Fair Value \$
<b>Financial Assets:</b>		
Receivable	13,398,870	13,398,870
Total non-current	13,398,870	13,398,870
Total Assets	13,398,870	13,398,870

The fair value of the long-term receivable for the year ending 31 December 2022 was determined by discounting future cashflows using a current market interest rate of 25% which incorporates an appropriate adjustment for credit. The timing of cash receipts had been adjusted according to management's best estimate.

## 19. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Capital managed by the Board includes Shareholder equity, which was \$194,812,757 (2022: \$63,918,147). The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to develop its new business activities plus corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated business requirements, with a view to initiating appropriate capital raisings when required in the future.

## 20. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group as at 31 December 2023 and 2022.

## 21. COMMITMENTS

	2023 \$	2022 \$
<i>Short-term lease commitments:</i>		
Minimum lease payments		
- within one year	-	10,009
Advisory fees pursuant to contracts	-	-
Total Commitments	-	10,009

### Operating Leases:

The minimum future payments above relate to non-cancellable leases for offices.

## 22. SHARE-BASED PAYMENTS

### (a) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2023 \$	2022 \$
Options issued to directors, employees and contractors	-	375,550
Performance Rights issued to directors, employees and contractors	-	(140,240)
Cancellation of options for value	(302,500)	-
	(302,500)	235,310

### (b) Options

The Group provides benefits to employees (including directors), contractors and consultants of the Group in the form of share-based payment transactions, whereby employees, contractors and consultants render services in exchange for options to acquire ordinary shares.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights. Set out below is a summary of the options granted (being those the subject of share-based payments).

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	15,200,000	\$0.587	15,264,112	\$0.755
Granted	-	-	4,000,000	\$0.450
Exercised	-	-	-	-
Expired	(950,000)	\$1.084	(4,064,112)	\$1.084
Cancelled	(4,250,000)	-	-	-
Outstanding at end of the year	10,000,000	\$0.640 <sup>(i)</sup>	15,200,000	\$0.587
Exercisable at end of the year	10,000,000	\$0.640 <sup>(i)</sup>	15,200,000	\$0.587

(i) In accordance with Listing Rule 7.22.3, the exercise price of each option was reduced by the equivalent of the return of capital per share made to shareholders on the 8 January 2024. The options strike price was reduced by \$0.273 per option to \$0.367 (DNK Announcement 19 January 2024).

Movements within specific classes of unlisted options (being those the subject of share-based payments) during the year is as follows:

Unlisted Options – Class	Opening balance	Granted	Cancelled	Expired	Closing balance
	1 Jan 2023				31 Dec 2023
Exercise price \$0.501 expiry date 03/12/2023 <sup>(i)</sup>	250,000	-	(250,000)	-	-
Exercise price \$0.664 expiry date 08/07/2023	200,000	-	-	(200,000)	-
Exercise price \$0.527 expiry date 29/01/2023	500,000	-	-	(500,000)	-
Exercise price \$0.780 expiry date 24/03/2023	250,000	-	-	(250,000)	-
Exercise price \$0.640 <sup>(i)</sup> expiry date 30/07/2025	2,000,000	-	-	-	2,000,000
Exercise price \$0.640 <sup>(i)</sup> expiry date 30/07/2025	8,000,000	-	-	-	8,000,000
Exercise price \$0.450 expiry date 31/12/2024	4,000,000	-	(4,000,000)	-	-
	15,200,000	-	(4,250,000)	(950,000)	10,000,000

(i) In accordance with Listing Rule 7.22.3, the exercise price of each option was reduced by the equivalent of the return of capital per share made to shareholders on the 8 January 2024. The options strike price was reduced by \$0.273 per option to \$0.367 (DNK Announcement 19 January 2024).

## Remaining contractual life

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.5 years (31 December 2022: 2.253 years), with exercise prices ranging from \$0.64.

## Options granted during the year

No options were granted during the year ended 31 December 2023

As detailed in the Company's Annual Report, a short-term incentive (STI) scheme applies to executives in the Company and is designed to link any STI payment with the achievement of specified key performance indicators (KPI's) which are in turn linked to the Company's strategic objectives and targets.

A summary of options granted during the year ended 31 December 2022 is included in the following table. The weighted average fair value of the options granted during the year ended 31 December 2022 was \$0.094. The value was calculated by using the Black & Scholes Option Pricing Model applying the following inputs, to produce the fair value per option:

Number of Options	Grant Date	Expiry Date	Fair Value per Option	Exercise Price	Share Price	Risk Free Interest Rate	Estimated Volatility
					at Grant Date		
4,000,000	26/05/2022	31/12/2024	\$0.094	\$0.450	\$0.315	1.25%	63.83%

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

## (c) Performance Rights

Movements in the number of performance rights on issue during the year is as follows:

Performance Rights - Class	Opening balance 1 Jan 2023	Granted	Vested	Forfeited	Cancelled	Closing balance 31 Dec 2023
Class 1 <sup>(i)</sup>	280,000	-	-	(280,000)	-	-
Class 5 <sup>(i)</sup>	80,000	-	-	(80,000)	-	-
	360,000	-	-	(360,000)	-	-

(i) Issued under the Performance Rights Plan which was re-approved at the annual general meeting of the Company held 17 November 2014.

Movements in the number of performance rights during the prior year is as follows:

Performance Rights - Class	Opening balance 1 Jan 2022	Granted	Vested	Forfeited	Cancelled	Closing balance 31 Dec 2022
Class 1 <sup>(i)</sup>	280,000	-	-	-	-	280,000
Class 5 <sup>(i)</sup>	80,000	-	-	-	-	80,000
Class 10	-	2,250,000	-	(2,250,000)	-	-
	360,000	2,250,000	-	(2,250,000)	-	360,000

(i) Issued under the Performance Rights Plan which was re-approved at the annual general meeting of the Company held 17 November 2014.

## 23. RELATED PARTY TRANSACTIONS

### (a) Parent entity

The ultimate parent entity within the Group is Danakali Limited.

### (b) Subsidiary

Interests in the subsidiary is set out in note 25.

### (c) Investment in Joint Venture

Transactions with CMSC are set out in note 10 and note 11 of this report.

### (d) Key management personnel compensation

	2023 \$	2022 \$
Short-term benefits	983,837	984,664
Post-employment benefits	155,359	83,555
Share-based payments	-	690,550
Performance bonus	534,857	-
	1,674,053	1,758,769

### (e) Transactions with directors, director related entities and other related parties

AFC is deemed to be a related party of the Company on the basis of significant influence. The related party status applies from 23 April 2020, being when AFC held an interest of 14.4% (2022:14.4%) in the issued capital of the Company and the date that Danakali appointed two AFC nominees to its Board of Directors.

AFC President and CEO, Samaila D. Zubairu, and AFC Senior Director for Investment Operations & Execution, Taiwo Adeniji, joined Danakali's Board as Non-Executive Directors on 23 April 2020. These appointments are in accordance with the terms of the Subscription Agreement which provides AFC the right to appoint two nominees to the Board of Danakali provided AFC's Danakali ownership remains above certain thresholds. On 15 June 2023, Samaila D. Zubairu resigned as a director. As at the date of release of this report, AFC holds one out of four board seats on the Company.

### (e) Cancellation of options for consideration

The shareholders approved that 4,250,000 options held by key management be cancelled for a total consideration of \$302,500 (DNK Announcement 24 November 2023).

There were no other material related party transactions.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

## 24. REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2023 \$	2022 \$
Assurance related		
- Hall Chadwick	38,016	-
- Ernst & Young	84,736	114,091
Fees for regulatory services	-	-
	<u>122,752</u>	<u>114,091</u>

## 25. SUBSIDIARIES

### Interest in subsidiaries

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

Name	Principal Activities	Country of Incorporation	Class of Shares	Equity Holding	
				2023 %	2022 %
Danakali Investments Pty Ltd <sup>(a)</sup>	Investment in Exploration	Australia	Ordinary	100	100
Mount Street Accounting Services Pty Ltd	Business Services	Australia	Ordinary	100	0

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

(a) Previously STB Eritrea Pty Ltd.

## 26. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Danakali Limited. The information presented here has been prepared using accounting policies consistent with those presented in note 2.

	2023 \$	2022 \$
Current assets	195,539,736	14,976,203
Non-current assets	9,526	22,628,964
<b>Total assets</b>	<u>195,549,262</u>	<u>37,605,167</u>
Current liabilities	672,476	902,699
Non-current liabilities	64,030	52,160
<b>Total liabilities</b>	<u>736,506</u>	<u>954,859</u>
<b>Net Assets</b>	<u>194,812,757</u>	<u>36,650,308</u>
Issued capital	135,716,725	127,866,319
Share-based payments reserve	1,244,959	13,868,006
Accumulated profit/(loss)	57,851,073	(105,084,017)
<b>Total equity</b>	<u>194,812,757</u>	<u>36,650,308</u>
Profit/(Loss) for the year	133,787,133	932,387
<b>Total Comprehensive profit/(loss) for the year</b>	<u>133,787,133</u>	<u>932,387</u>

## 27. DIVIDENDS

No dividends were paid in 2023 and 2022.

At the shareholders meeting held on 24 November 2023, the shareholders approved a return of capital of \$100,466,735 and the Board approved a special dividend of \$54,233,691 to shareholders as at 5:00pm (AWST) on 2 January 2024 (Record Date). The total distribution amounted to \$154,700,426 and was paid on 8 January 2024.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

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## 28. EVENTS OCCURRING AFTER THE BALANCE DATE

### Return of capital and dividends

At the shareholders meeting held on 24 November 2023, the shareholders approved a total return of capital of \$100,466,735 and the Board approved a special dividend of \$54,233,691 to shareholders as at 5,00pm (AWST) on 2 January 2024. The total distribution amounted to \$154,700,426 and was paid on 8 January 2024.

### Options

As at 31 December 2023, there was a total of 10,000,000 unlisted options on issue \$0.640 which expire on 30 July 2025. In accordance with Listing Rule 7.22.3, the exercise price of each option was reduced by the equivalent of the return of capital per share made to shareholders on the 8 January 2024. The options strike price was reduced by \$0.273 per option to \$0.367 (*DNK Announcement 19 January 2024*).

### ATO class ruling

On 15 February 2024 the Australian Taxation Office (**ATO**) published a Class Ruling (CR 2024/8) in relation to Danakali's distribution to shareholders which confirmed the Capital Return of 27.3 cents per share and Special dividend of 14.7 cents per share which was paid on 8 January 2024.

### Other matters

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Directors' Declaration

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In the Directors' opinion:

- (a) the financial statements and notes of Danakali Limited for the financial year ended 31 December 2023 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the year ended on that date;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2;
- (c) there are reasonable grounds to believe that the Company 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); and

The directors have been given the declarations by the Executive Chairman and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



Seamus Cornelius  
**EXECUTIVE CHAIRMAN**

Perth, 27 March 2024

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

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Danakali Limited (“the Company”) and its subsidiaries (“the Consolidated Entity”), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Consolidated Entity’s financial position as at 31 December 2023 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Discontinued operations</b></p> <p>As disclosed in note 10 to the financial statements, the Group entered into a binding share sale agreement with Sichuan Road and Bridge Group Co Ltd for the sale of all its interest in CMSC's shares for a total consideration of \$201,132,300 in cash. , the Group has presented the sale as a discontinued operations in the income statement. The result of the discontinued operations amounts to \$132,271,689</p> <p>We considered this as a key audit matter because of the size and nature of the transactions.</p>	<p>As part of our audit procedures, the following audit procedures were performed:</p> <ul style="list-style-type: none"> <li>• Evaluation of management's assumptions applied as discontinued operation by reviewing of minutes and other relevant documentation of the discontinue operations;</li> <li>• Evaluated the substance of the sale using the terms and conditions of the underlying transaction agreements against the criteria for discontinued operations in accounting standards;</li> <li>• Assessed of the reallocation of costs associated with discontinued operations;</li> <li>• Calculation of the loss on the discontinue of operations;</li> <li>• Verified proceeds to bank statements; and</li> <li>• Assessing the adequacy of the disclosures included in notes 10 to the financial statements.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

## Auditor's Opinion

In our opinion, the Remuneration Report of Danakali Limited, for the year ended 31 December 2023, complies with section 300A of the Corporations Act 2001.

*Hall Chadwick*  
HALL CHADWICK WA AUDIT PTY LTD

*Mark Delaurentis*  
MARK DELAURENTIS CA  
Director

Dated this 27<sup>th</sup> day of March 2024  
Perth, Western Australia

## ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 25 March 2024.

### (a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		Holders	Securities	%
1	- 1,000	503	174,477	0.05%
1,001	- 5,000	801	2,053,849	0.56%
5,001	- 10,000	347	2,731,012	0.74%
10,001	- 100,000	705	24,756,773	6.72%
100,001	and over	202	338,618,235	91.93%
<b>TOTAL</b>		<b>2,558</b>	<b>368,334,346</b>	<b>100%</b>

The number of shareholders holding less than a marketable parcel was 1,213 (based on a cash backing of approximately 10.5 cents per share).

### (b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	AFC EQUITY INVESTMENTS LIMITED	52,958,908	14.38
2	WELL EFFICIENT LIMITED	35,000,000	9.50
3	CITICORP NOMINEES PTY LIMITED	34,292,030	9.31
4	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LTD	31,191,756	8.47
5	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	21,048,099	5.71
6	NGE CAPITAL LIMITED	20,000,000	5.43
7	BNP PARIBAS NOMS PTY LTD	18,105,849	4.92
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,082,280	3.55
9	BNP PARIBAS NOMINEES PTY LTD	9,871,191	2.68
10	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,717,388	1.82
11	CALDWELL NOMINEES PTY LTD	6,000,000	1.63
12	NATIONAL NOMINEES LIMITED	4,811,698	1.31
13	SINO WEST ASSETS PTY LTD	4,672,992	1.27
14	SINO WEST ASSETS PTY LTD	4,308,037	1.17
15	MR SEAMUS CORNELIUS	3,654,097	0.99
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,351,959	0.91
17	MR GABRIEL BERRA	3,248,490	0.88
18	GJEWLA PTY LTD	3,100,000	0.84
19	ARLINGTON GROUP ASSET MGT LTD	3,000,000	0.81
20	MR JOHN JOSEPH WALLACE	2,848,983	0.77
		<b>281,263,757</b>	<b>76.36</b>

### (c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
AFC Equity Investments Limited (AFC Equity) and Africa Finance Corporation (AFC)	52,958,908
Well Efficient Ltd	35,000,000
Mitsubishi UFJ Financial Group, Inc.	31,407,942
Morgan Stanley and its subsidiaries	31,407,942
NGE Capital Limited	20,000,000

## ASX Additional Information

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### (d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction. Holders of unlisted options and performance rights do not have voting rights.

### e) Unquoted securities

At 25 March 2024 the Company has on issue 10,000,000 unlisted options over ordinary shares and no performance rights. The names of security holders holding more than 20% of an unlisted class of security are listed below.

<b> Holders</b>	<b> Unlisted Options \$0.367 30/07/2025</b>
Seamus Ian Cornelius	2,000,000
Mark Riseley	2,000,000
Gregory Ian MacPherson	2,000,000
Rod McEachern	2,000,000
Tony Harrington	2,000,000
<b>Total</b>	<b>10,000,000</b>