



DALAROO
M E T A L S ^{Ltd}

ABN 23 648 476 699

ANNUAL REPORT

FOR THE PERIOD ENDED 30 JUNE 2021



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Corporate Directory

Directors	David Quinlivan – Non Executive Chairman Robert Beeck – Non Executive Director Harjinder Kehal – Managing Director
Company secretary	David Peterson
Annual General Meeting	11.00 am Wednesday 8 December 2021 at The Celtic Club 48 Ord Street West Perth WA 6005
Registered office	Suite 1, 346 Barker Road Subiaco WA 6008
Principal place of business	Suite 1, 346 Barker Road Subiaco WA 6008
Share register	Advanced Share Registry Services Ltd 110 Stirling Highway Nedlands WA 6009
Auditor	Crowe Perth Level 5, 45 St Georges Terrace Perth, WA 6000
Solicitors	AGH Law Level 1, 50 Kings Park Road West Perth WA 6005
Stock Exchange Listing	Dalaroo Metals Ltd is listed on the Australian Securities Exchange. The home exchange is Perth, Western Australia. (ASX code: DAL)
Website	www.dalaroometals.com.au

Company Information

The Company was incorporated and registered under the Corporations Act 2001 in Western Australia.
The Company is domiciled in Australia.

Chairman's Letter

26 October 2021

Dear Shareholder

I am pleased to advise that Dalaroo Metals Ltd ("Dalaroo or Company") commenced trading on the ASX on 28 September 2021. Lead broker CPS Capital raised five million dollars through a successful IPO that was firmly oversubscribed and closed early.

The Company has a substantial exploration portfolio comprising its Namban Ni-Cu-PGE and Lyons River Zn-Pb-Cu projects covering a combined area of approximately 1,140 square kilometres in the Yilgarn and Gascoyne mineral regions of Western Australia, a tier 1 exploration and mining jurisdiction.

Our Namban Project is located in the mid-north part of the wheatbelt adjacent the town of Moora, a regional centre, 150km from Perth, straddling the Midland road/rail network. Namban comprises a large but under explored ground package totalling 437km² and is deemed to be prospective for magmatic intrusion related Ni-Cu-PGE deposits. Project tenements cover a strike distance of 60 km, adjacent to the crustal scale Darling Fault, on the western margin of the Archaean Yilgarn Craton. Namban is 80km north of Chalice Mining's recent Julimar discovery. Interpretation of aeromagnetic data over the Namban Project area has defined magnetic intrusions/anomalies prospective for Ni-Cu-PGE mineralisation similar to Julimar.

The Lyons River Project is located approximately 1,100 kilometres to the north-east of Perth and approximately 100 kilometres north-east of the town of Gascoyne Junction in the Gascoyne region of Western Australia. The site is easily accessible via a combination of sealed bitumen and unsealed roads.

The Lyons River Project represents a first mover advantage for the discovery of significant SEDEX/BHT deposits in the underexplored Gascoyne Province. Exploration work undertaken at the Lyons River Project has identified base metals mineralisation associated with geochemical and geophysical anomalies that indicate the presence of a large base metal system. Drilling has delineated a signature SEDEX/BHT lithological package containing significant intervals of pyrite and pyrrhotite. Coeval galena, and chalcopyrite and sphalerite have been observed in drill core.

We have commenced multiple exploration activities at both of our projects since the ASX listing:

- At Namban, systematic geochemical sampling over some of the magnetic intrusion targets has commenced. Airborne magnetics data flown in the September quarter is being assessed. A combination of Ni-Cu-PGE geochemical anomalism and geophysical data will define and prioritise early drill targets.
- At Lyons River, to test the significant Four Corners anomaly, where recent diamond drilling returned primary zinc, lead copper sulphides, detailed gravity surveys have been completed. This will be followed by a targeted 3,000 metre reverse circulation drilling program to commence in November. IP surveys have been planned and leading contractors have been engaged to undertake the work in the March Quarter 2022.

To support the implementation of its strategy, the Company has a directors and management team with proven track records of exploration success and of progressing a diverse range of mineral projects through assessment and into production, on schedule and within budget.

Yours sincerely



David Quinlivan
Chairman

Directors' Report

The directors present their report, together with the financial statements, on Dalaroo Metals Ltd (referred to hereafter as the 'Company' or 'Dalaroo') at the end of, and during, the period ended 30 June 2021.

DIRECTORS

The following persons were directors of the company during the whole of the reporting period and up to the date of this report, unless otherwise stated:

Mr David Quinlivan - Non-Executive Chairman
B.App Sci, MinEng, Grad. Dip. Fin Serv, FAusImm, FFINSA, MMICA

Mr Quinlivan is a mining engineer with significant mining and executive leadership experience, having held 11 years of service at WMC Resources Limited, followed by a number of high-profile mining development positions.

Since 1989, Mr Quinlivan has served as Principal of Borden Mining Services, a mining and consulting services firm, where he has worked on a number of mining projects in various capacities.

Currently, Mr Quinlivan is Chairman of Silver Lake Resources (ASX:SLR) and Non-Executive Director of Ora Banda Mining (ASX:OBM). Previously, Mr Quinlivan served as Chief Executive Officer of Sons of Gwalia Ltd (post appointment of administrators), Chief Operating Officer of Mount Gibson Iron Ltd, President and Chief Executive Officer of Alacer Gold Corporation and Chairman of Churchill Mining PLC.

Mr Quinlivan is not considered to be an independent Director given he is also a Director of Serena Minerals Limited, which is a substantial Shareholder.

Mr Quinlivan was appointed as a Director on 5 March 2021.

Mr Harjinder Kehal - Managing Director BSc (Hons), MMEE, MAisIMM, MAIG

Mr Kehal is a geologist with 30 years' experience in the mineral resources sector in Australia, Chile, India and Vietnam.

Mr Kehal has a proven track record in project management and evaluation, feasibility studies, joint venture negotiations and statutory reporting and played a leading role in the discovery of a number of gold and base metal deposits in Western Australia and the Northern Territory, including the 1 million ounce Golden Cities deposit, 600,000 ounce Tooheys Well gold deposit and Erayinia VMS lead-zinc deposit.

Currently, Mr Kehal is also Managing Director of Serena Minerals Limited. Previous positions include Chief Operating Officer of AXG Mining Ltd and Executive Director and Chairman of Altera Resources Ltd.

Mr Kehal was appointed as a Director on 5 March 2021.

Mr Robert Beeck - Non-Executive Director MBA, Associate Member of the AusIMM

Mr Beeck has 30 years' experience in mineral processing operations management in Australia with relation to nickel, diamonds, gold and iron ore. Mr Beeck has held senior roles in mine operations, feasibility studies, engineer design and construction of ore processing and infrastructure projects.

Mr Beeck is an associate member of the AusIMM and Master of Business Administration (University of Western Australia).

Currently, Mr Beeck is General Manager of API Management, the manager of the joint venture of the West Pilbara Iron Ore Project.

Mr Beeck is not considered to be an independent director given he is a Director of Serena Minerals Limited and Shenton Resources Limited, both substantial shareholders of the Company.

Mr Beeck was appointed as a Director on 5 March 2021.

COMPANY SECRETARY

Mr David Peterson B.A (Acc), CPA, FGIA, FCG

Mr Peterson has over 30 years' experience as a company secretary in the mining and exploration industry in Western Australia and Queensland. For the 12 years to December 2011, Mr Peterson was company secretary and executive general manager corporate at Kagara Ltd, an ASX listed base metals producer and for 10 years prior to that was company secretary and administration manager at Forrestania Gold NL a gold producer listed on ASX until it was taken over 1997. Since January 2012, David has been providing company secretarial, corporate and related consultancy services to listed and publicly unlisted companies.

Mr Peterson was appointed as Company Secretary on 5 March 2021.

PRINCIPAL ACTIVITIES

During the financial period the principal activities of the company consisted of exploration activities at the company's exploration tenements situated in Western Australia and undertaking preparations to list the company on the ASX.

There were no other significant changes in these activities during the financial period.

RESULTS OF OPERATIONS

The net loss for the Company after providing for income tax amounted to \$79,745.

The Company continues to undertake exploration and evaluation activities on its tenements located in Western Australia.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 13 April 2021, the Company entered into an agreement with CPS Capital Group Pty Ltd (CPS Capital) to act as Lead Manager & Broker to initially raise \$440,000 by way of a seed and pre – IPO placement in May 2021 and then follow up with an IPO raising of \$5.0 million via the issue of 25.0 million Shares at \$0.20 per Share. CPS Capital will receive a 2% management fee and a 4% placement fee on the total funds raised. In addition, and in accordance with the agreement with CPS Capital, the Company granted 5.0 million unlisted options at a cost of \$0.001 each to CPS Capital or its nominees, exercisable at \$0.25 each and expiring 3 years from the date the Company was admitted to the official list of the ASX.

On 20 May 2021, the Company acquired the Lyons River Project from Serena Minerals Limited plus the Namban Project from Shenton Resources Limited and Slambam Enterprises Pty Ltd. In consideration for these acquisitions, the Company issued the Vendors of the projects, a total of 22,999,998 fully paid ordinary shares and 8.0 million unlisted options exercisable at \$0.25 each and expiring 4 years from the date Company was admitted to the official list of the ASX.

On 24 May 2021, the Company issued 2.0 million Shares at \$0.02 per share to clients of CPS Capital, raising \$40,000 before costs.

On 27 May 2021, the Company issued a further 4.0 million Shares at \$0.10 per Share to clients of CPS Capital, raising \$400,000 before costs.

There were no other significant changes in the state of affairs of the company during the financial year.

Review of Operations

Dalaroo Metals Ltd's Namban Ni-Cu-PGE and Lyons River Pb-Zn-Cu-Ag projects occupy large strategically located and 100% controlled land positions totalling 1,140 km², each of a scale suitable to host significant sized orebodies located in the Tier 1 exploration and mining jurisdiction of Western Australia (Figure 1).



Figure 1: Dalaroo Metals projects location map

Dalaroo's Namban Project is an under explored ground package totalling 437 km² located in the mid-north wheatbelt and considered by Dalaroo to be prospective for magmatic intrusion related Ni-Cu-PGE deposits akin to the recent Chalice Mining Julimar/Gonneville discovery (see CHN:ASX announcement 5 April 2020). Interpretation of aeromagnetic data by Dalaroo has defined several magnetic intrusions/anomalies within its tenements. A near surface potassium rich zone has already been outlined within the Namban Project in the Watheroo area with an Exploration Target of 20 to 25 Mt at a grade range of 6% to 8% K₂O from AC and RC drilling programmes in the period 2015 to 2018.

The Lyons River Project comprises a strategic land holding of 703 km² located in an emerging SEDEX/BHT province. First pass RC drilling in 2008 returned results with sphalerite, galena, chalcopryrite and silver intersections comprising - 2.3% Pb, 0.3% Zn, 0.9% Cu & 4g/t Ag. Subsequent diamond drilling on the tenements in December quarter 2020 has returned pXRF spectral results of 3.72% Zn, 3.58% Pb, and 2000ppm Cu.

Overview of Namban Nickel-Copper-PGE Project

Namban Project comprises a under explored ground package totalling 437km² located in the mid-north part of the wheatbelt region, deemed by Dalaroo to be prospective for magmatic intrusion related Ni-Cu-PGE deposits.

The Company has a 100% controlling interest in the Namban Project, comprising six contiguous tenements extending from the township of Moora in the south to Three Springs in the north (Figure 2). The project area is 150 km from Perth and 80km north of the recent Challice Mining Julimar/Gonneville discovery (ASX:CHN). Interpretation of aeromagnetic data commissioned by Dalaroo and covering a portion of the Namban Project area has defined magnetic intrusions/anomalies prospective for Ni-Cu-PGE mineralisation similar to Julimar, where grades of 19m @ 8.4g/t Pd, 2.6% Ni, 1.0% Cu, 0.1% Co have been announced (see CHN:ASX announcement 15 April 2020).

Several access agreements between Dalaroo and landowners are in place covering part of the Namban Project tenure. Most of the Project area is located over freehold land.



Figure 2: Namban Project tenements location map.

Namban – Moora area

The Namban – Moora tenements cover a strike distance of 60 km, adjacent to the crustal-scale Darling Fault, on the western margin of the Archaean Yilgarn Craton. A north-west trend of Ni-Cu-PGE anomalism identified in immediately neighbouring tenements to the east held by Minerals 260 Limited (ASX:MI6) and Lachlan StarJV (LSA:ASX) is inferred by Dalaroo to extend onto the Moora area

tenement E70/4928 (Figure 3). Other significant assay results comprise 10m @ 1.9% copper from 32m (see ASX: LTR announcement 19 January 2021) and 44m @ 1.6g/t gold from 200m (see ASX: LTR announcement 2 March 2021) are located only 10km east of Dalaroo's Moora area.

Anomalous results announced by LSA of >0.2% Cu, 36.1ppb Pd+Pt and 51 ppb Au are located at the Dalaroo tenement boundary. Other results nearby include 2.78% Cu, 1740ppm Co and 0.18% Ni. (see LSA:ASX announcement 26 June 2020).

In addition, Mallory PGE-Gold Anomaly (see location Fig.3) has been outlined over an area of 1.4 x 1km area with PGE values of up to 160ppb (0.16g/t) associated with elevated gold (up to 12ppb), copper (up to 270ppm) and nickel (up to 242ppm) (see ASX: LTR announcement 6 May 2021).

Dalaroo assessment of aeromagnetic TMI imagery has highlighted several distinct magnetic anomalies occurring within its Moora area tenements.

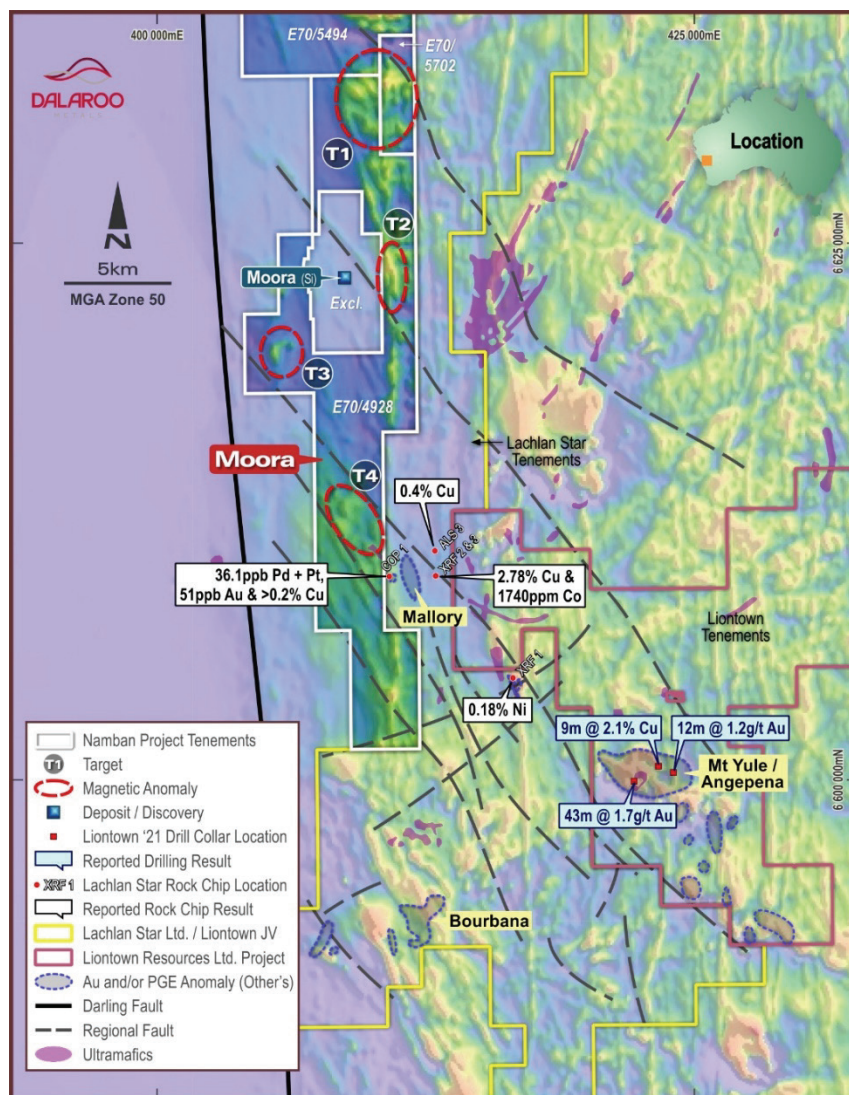


Figure 3: Magnetic imagery showing Dalaroo tenure adjoining tenement holder's prospects

Namban - Watheroo Chonolith

Within the Watheroo area tenements, Dalaroo has identified a mafic intrusion (chonolith) covering an area of 5 km X 2 km, located at the Yilgarn Craton/crustal Darling Fault boundary. The chonolith is thought by Dalaroo to be prospective for Ni-Cu. The chonolith type deposits have been recognised on the tenements since 2017. The magnetic source rocks are inferred to be close to the surface. 3D magnetic data modelling completed for Dalaroo shows an overall structure which appears to be a

synformal keel (Figure 4 and 5). First pass limited reconnaissance stream sediment sampling has returned Cu values of up to 80ppm.

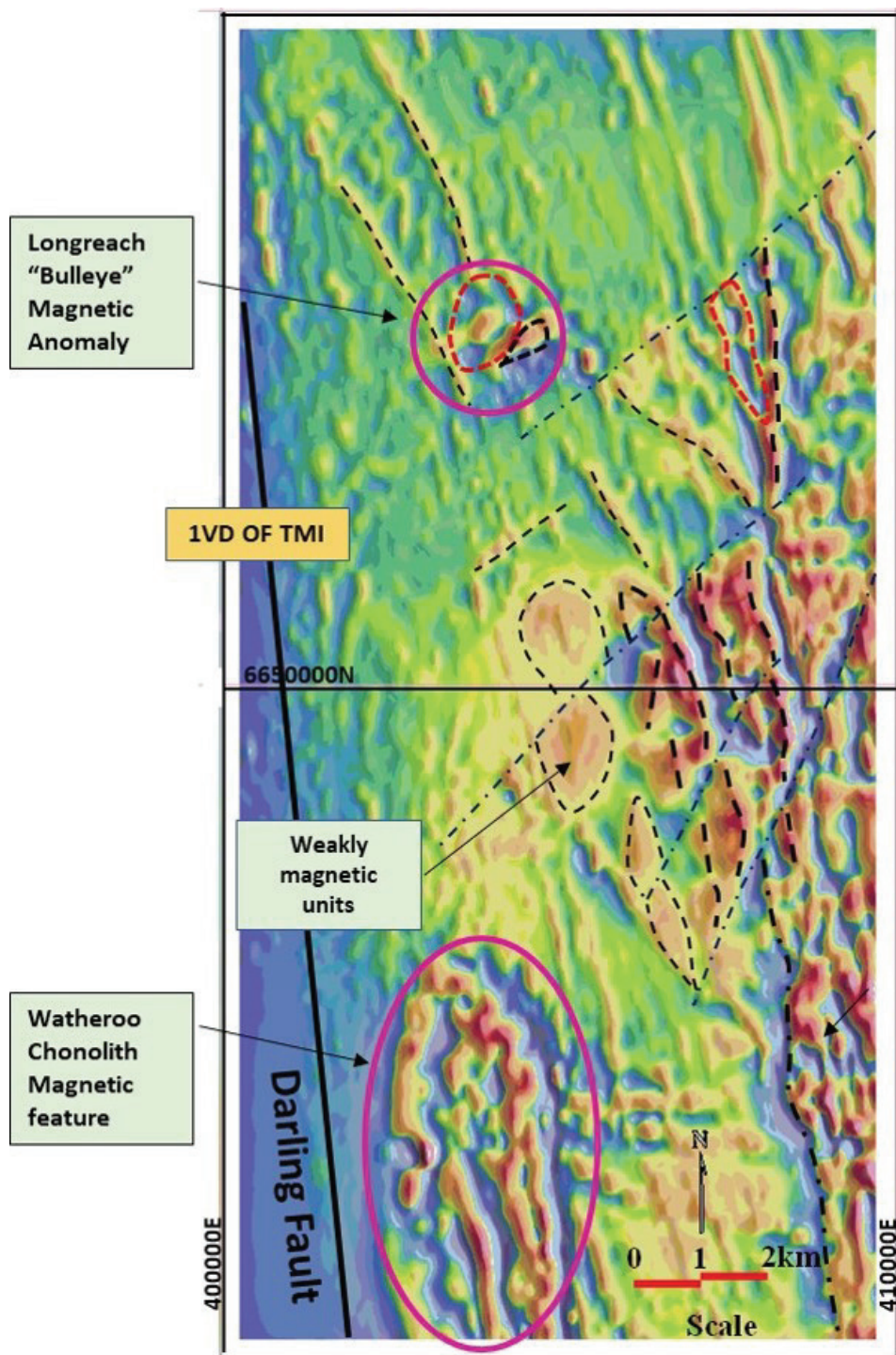


Figure 4: Watheroo geophysical anomalies

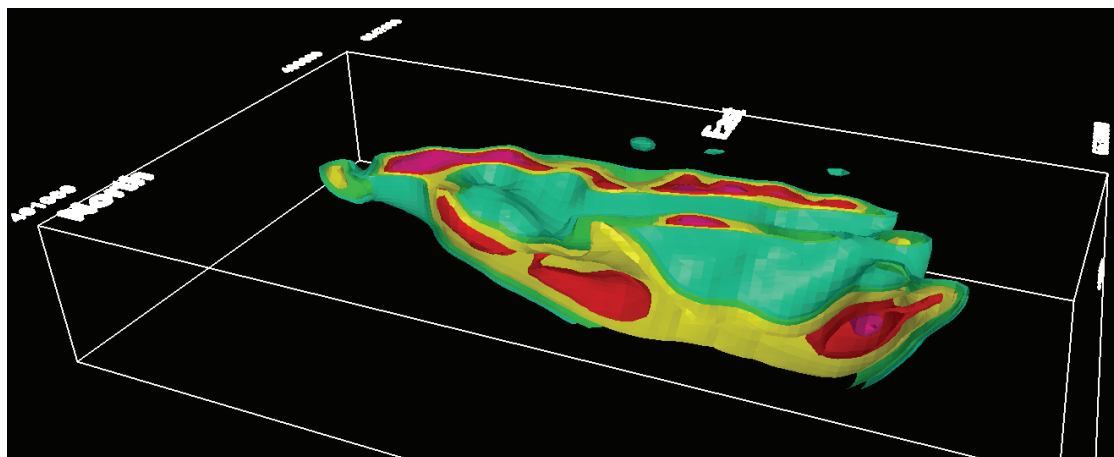


Figure 5: Watheroo Chonolith 3D inversion model

Namban – Longreach

Longreach is a “bullseye” magnetic anomaly within the Watheroo area tenements, covering an area of 1.2 km x 0.4km. Dalaroo postulates that it is a mafic intrusion, prospective for Ni-Cu deposits on the northern edge of Namban granite (Figure 4 and 6). The Longreach target is unexplored.

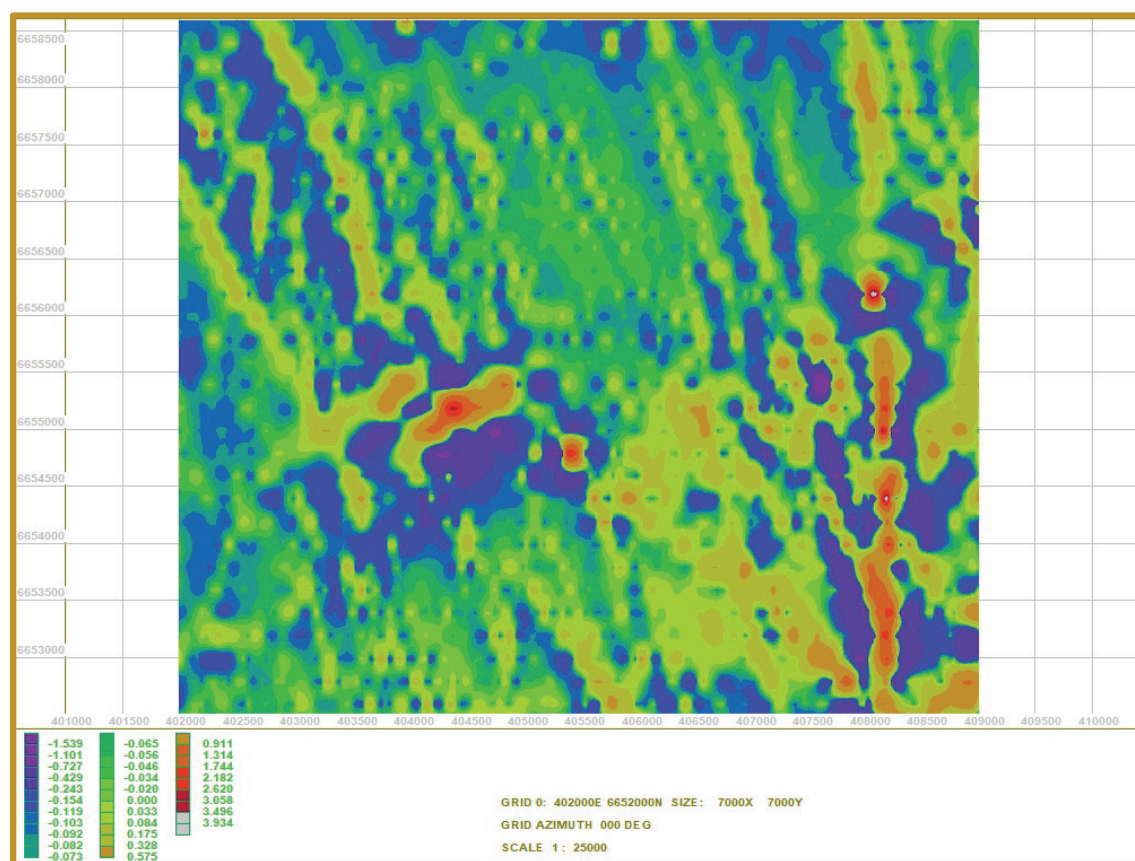


Figure 6-: Namban – Longreach “bullseye” magnetic anomaly

Namban – Three Springs

Three Springs comprises a granted exploration licence E70/5502, covering an area of 80 square kilometres, located approximately 250 kilometres north of Perth, within the northern Wheatbelt of Western Australia (Figure 7).

The Geological Survey of Western Australia 1:250 000 Perenjori map sheet illustrates outcrops of mafic to ultramafic intrusions within Dalaroo's tenement and the immediate surrounding area. Aeromagnetic TMI imagery has highlighted the northern extension of an intrusive body prospective for *magmatic Ni-Cu-PGE mineralisation*, immediately adjacent the Darling Fault, to the west.

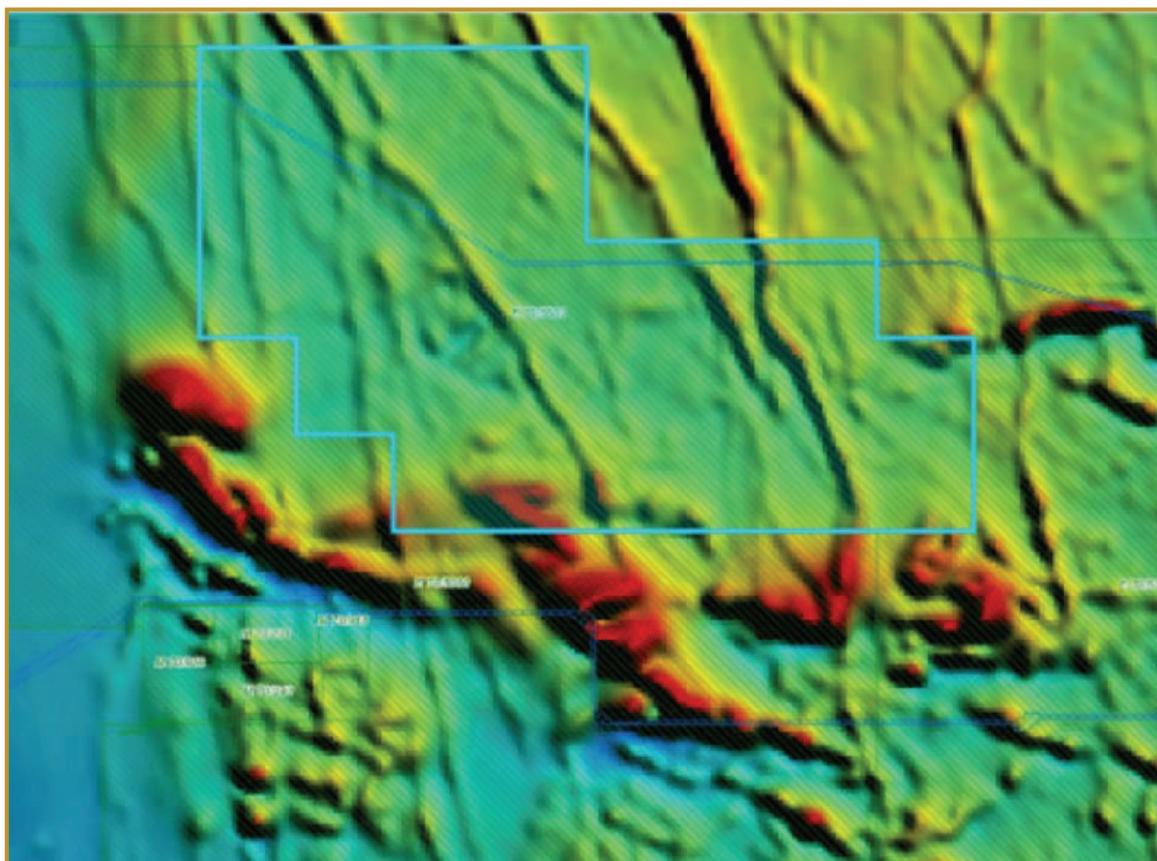


Figure 7: Three Springs magnetic anomaly

Next Steps

At Namban, systematic geochemical sampling over some of the magnetic intrusions and other targets has commenced. Detailed drone airborne magnetics flown early in the September quarter is currently being assessed by a consultant geophysicist. Airborne and ground EM surveys are proposed to be carried out over some of the identified targets.

A combination of Ni-Cu-PGE soil geochemical anomalism and geophysical data will be assessed to define and prioritise early drill targets. The Company is planning to conduct RC drilling over the identified targets, once the annual wheatbelt grain cropping season is finished, which is expected to be in late December 2021/early January 2022. Positive drill results from this initial campaign will lead to planning of follow up drill programs.

Watheroo Potash

The Namban Project contains an ultrapotassic rock succession, with potash sourced from potash feldspar (KAlSi_3O_8) rocks covering a strike length of 40 km over freehold agricultural land. The potash feldspar concentrations (8 to 12% K_2O) occur within regionally extensive, flat-lying volcanic and sedimentary rock units such as the Billeranga Sub-group (Figure 8). The ultrapotassic succession outcrops at the surface, in contrast to conventional (evaporite) potash resources that lie at 500 to 2500+m depth in North America and Eastern Europe.

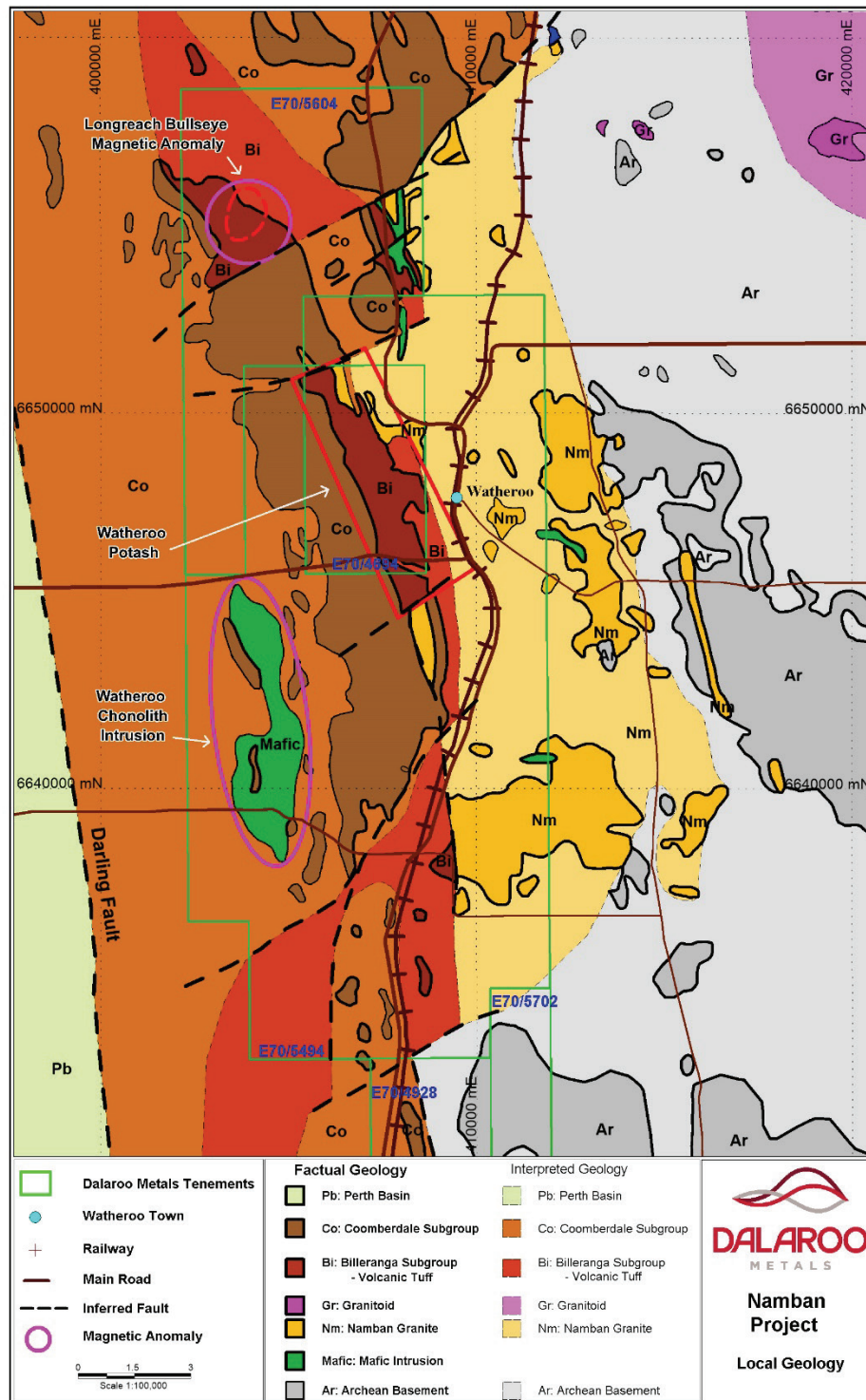


Figure 8: Watheroo area geology

A near surface potassium rich zone has been outlined west of Watheroo township over a 2km strike length by two drilling programmes (63 vertical AC & RC holes), totalling 1,800m. Best drill intersection to date of 29m @ 8.74% K₂O (Figure 9 and 10). An Exploration Target of 20 to 25 Mt at a grade range of 6% to 8% K₂O has been outlined.

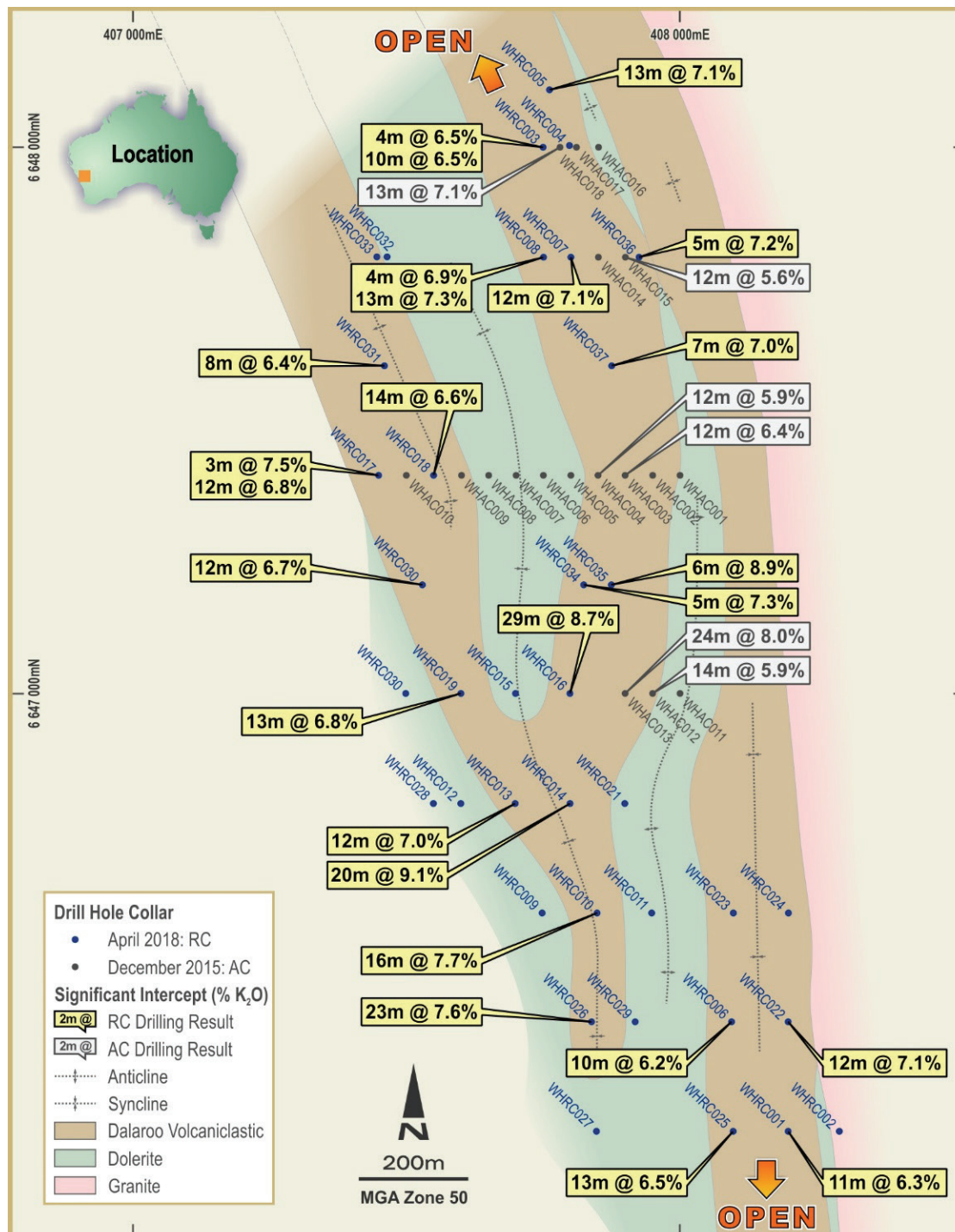


Figure 9: Watheroo drill defined 2km strike length potassium rich zone

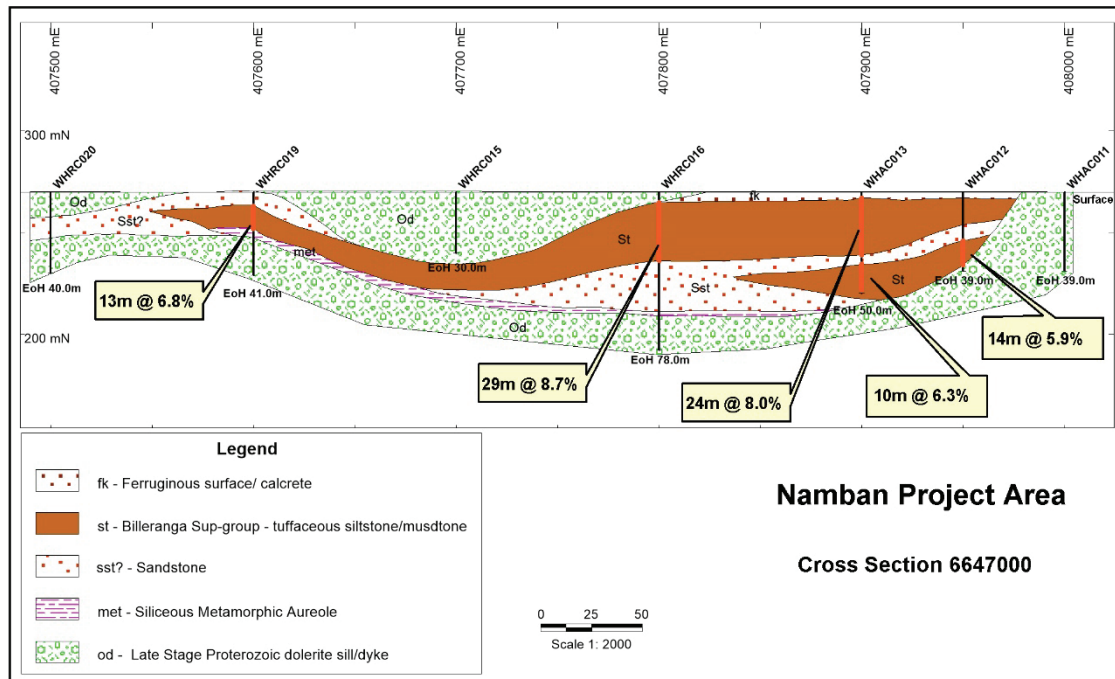


Figure 10: Watheroo geological cross section

A proposal is to delineate a Mineral Resource to support a long-lived hard rock potash mining operation. Testwork by Dalaroo has indicated K_2O extraction rates of up to 87% before optimisation, from oxide and transition ores. The project area lies within 2km of major road/rail corridor and regional power grid close to the major population and service centre of Moora.

Overview of Lyons River Lead Zinc Copper Project

Lyons River is located approximately 1,100km north of Perth and approximately 220 km north-east of the coastal town of Carnarvon in Western Australia (Figure 11).

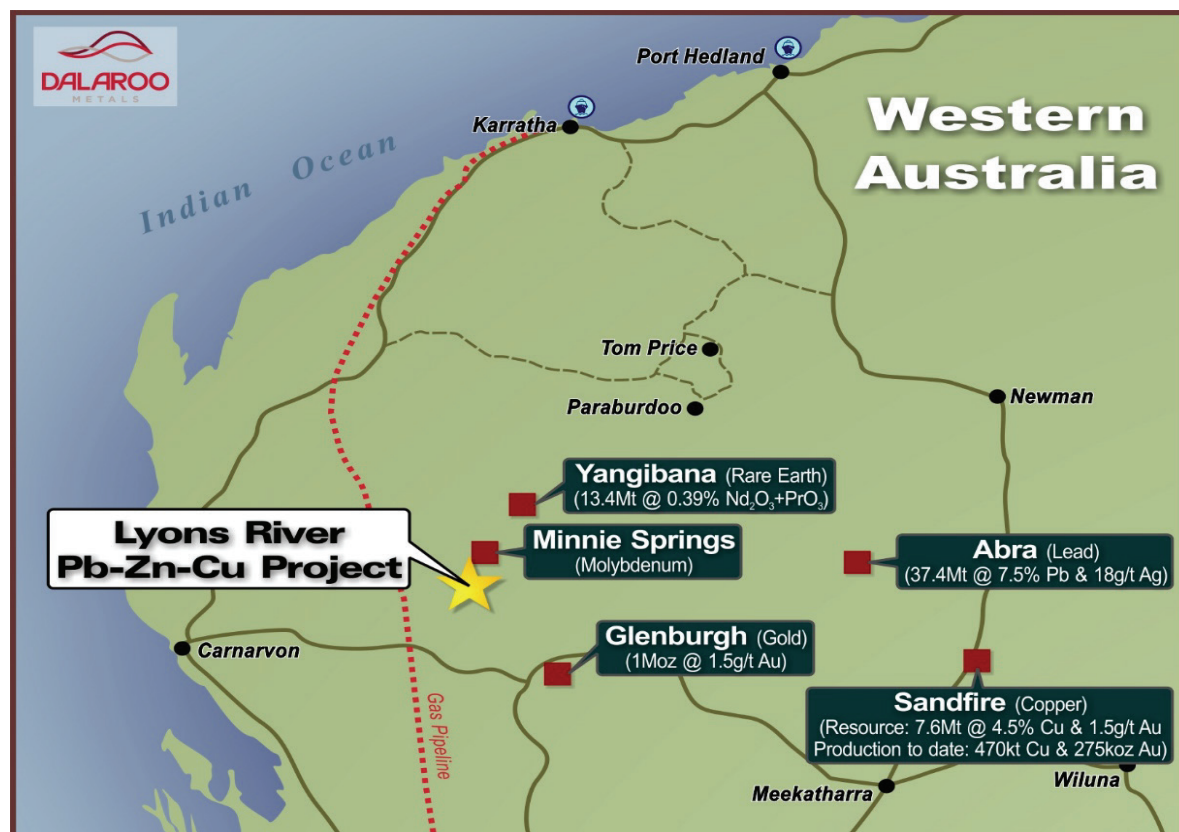


Figure 11 Lyons River Project location diagram

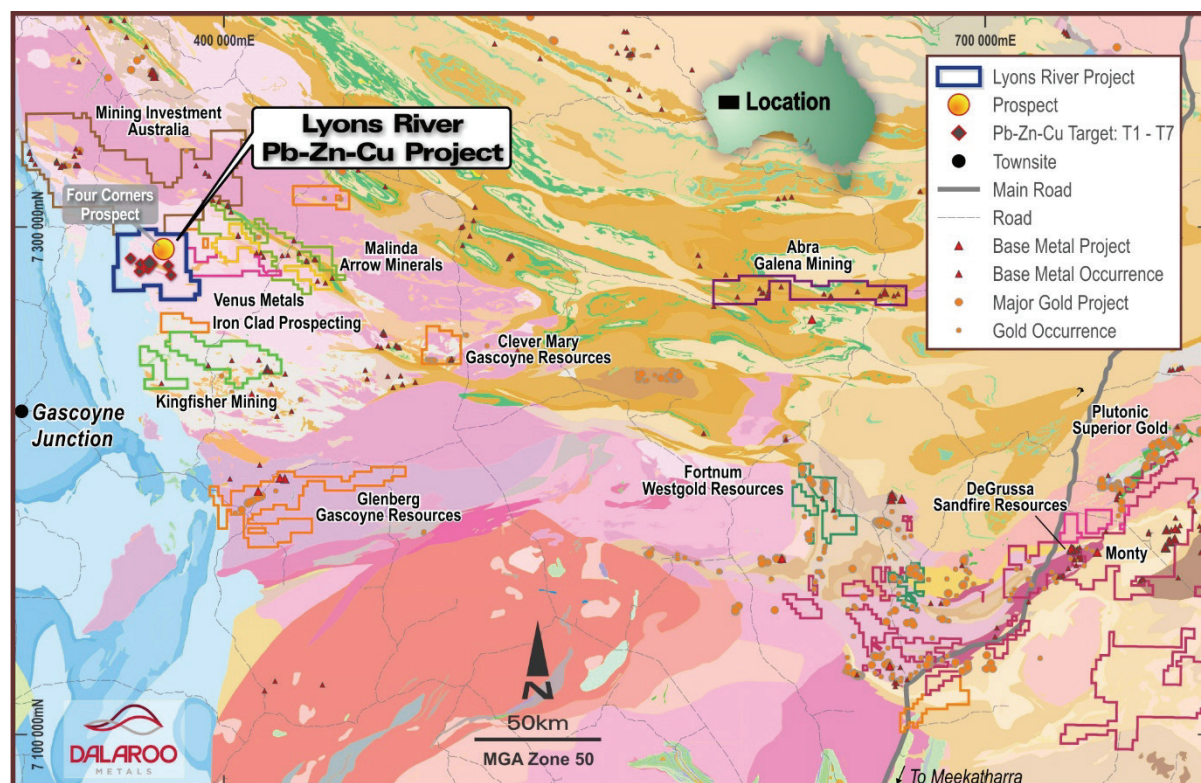


Figure 12: Location diagram showing geological setting

Regional and local geology

The Lyons River Project lies within the Mutherbukin Zone of the Gascoyne Province, which is the deformed and high-grade metamorphic core zone of the early Proterozoic Capricorn Orogen ((Figure 12). The Mutherbukin Zone is 50km wide and trends WNW-ESE, bounded to the north by the Ti Tree Shear Zone and to the south by the Chaliba Shear Zone (Figure 13). These south-dipping, crustal-scale structures delineate the margins of the Mutherbukin Zone and separate it from the older Limejuice Zone to the north and the Mooloo Zone to the south.

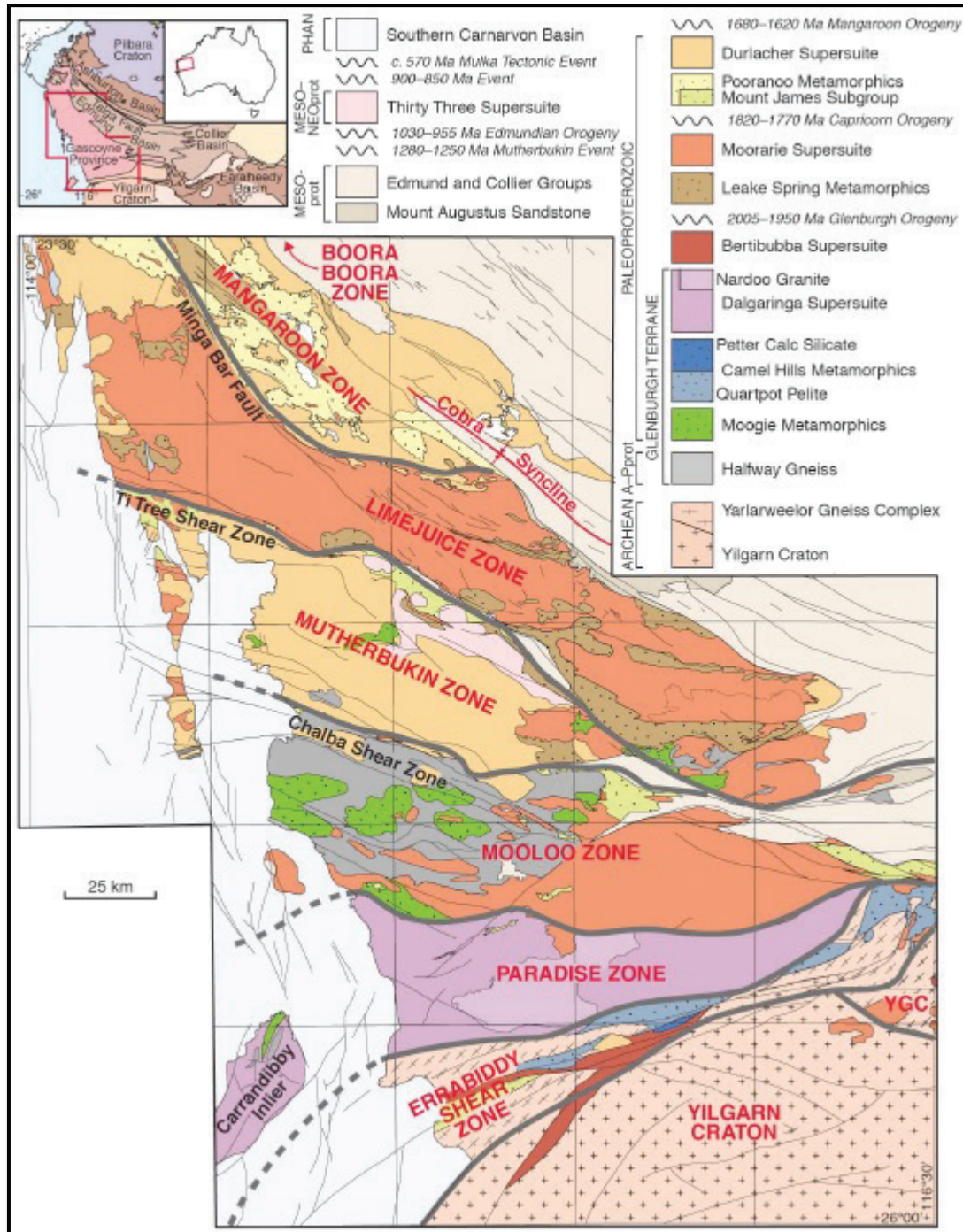


Figure 13: Geology Gascoyne Province structural and metamorphic zones after GSWA Record 146.

Detailed airborne magnetic survey, on 50m line-spacing, over the project area has enabled a geological interpretation which shows the structure of the project area to be dominated by a west northwest striking domal feature. The southern margin of the antiform has been transected by a west-northwest striking shear, whilst the western part of the dome has undergone later folding and the intrusion of a granitoid. Magnetics show the dome to be cut by several north-northeast trending faults and mafic dykes whilst the north-western area (the region of possible intrusion and complex folding) is separated by northwest striking faults. On the northern flank of the dome, in the area of magnetic quiescence, subtle parallel (stratigraphic) linear anomalies can be discerned. Periodically, along some of these linear features are weak but definite magnetic anomalies.

Exploration completed to date

GSWA semi-regional stream sediment sampling in the late 1990s, with a sample density of 1 sample per 16km² within the Lyons River tenements highlighted a cluster of samples with elevated Ag and Pb coincident with gahnite. A 2003 gahnite study by BHP, following the analysis of heavy mineral samples collected during earlier diamond exploration, highlighted the BHT (Broken Hill Type) Pb-Zn-Ag potential. In particular, the prospectivity of the Proterozoic Morrissey Metamorphic Suite. The presence of gahnites is interpreted to be related to BHT base metal mineralisation.

Further BHP reconnaissance soil and rock chip sampling and geological traverses defined a 6 km long Pb-Zn-Cu soil anomaly coincident with gahnite-bearing and Pb-anomalous drainages. The soil anomalies were coincident with weathered manganiferous and garnetiferous schists/gneisses with up to 990 ppm Pb, as well as gossanous float with up to 0.14% Zn.

Systematic auger geochemistry was completed in 2008, where previous BHP geochemistry had returned anomalous Pb and Zn values coincident with "thumbprint" magnetic anomalies with values up to 566 ppm Zn and 1150 ppm Pb. Auger geochemical Pb Zn anomalies were RC drill tested at Area 1/Four Corners intersecting predominantly, high-grade metamorphics (quartz-biotite-garnet gneiss) probably derived from pelitic sediments. Base metal values were intersected in holes GRC004, 014 and 016 of up to 2.3% Pb, 0.6% Cu and 0.3% Zn. The drilling defined a mineralised trend striking NE-SW and parallel to the stratigraphy. The alteration and sulphide mineralisation outlined was postulated to be peripheral to a larger base metal deposition.

Three generations of IP surveys at Area 1 in 2008, 2012 and 2017, initially in the immediate vicinity of drill hole GRC004, have demonstrated that IP is likely to be an effective exploration technique. The IP surveys have been successful in delineating a major north-east trending polarisable zone and two polarisable zones outlined east of the central zone exhibit south-west to north-east trend. The largest of these is the north-east (NE) zone. Both the NE and SE zones extend beyond the limit of the IP surveys and remain open to the east (Figure 14). Soil geochemical sampling completed over Area 1/Four Corners reveal anomalous Pb Zn values, the patterns showing some correlation with the NE and SE IP zones. All three polarisable zones have been the focus of the recent diamond drill programme.

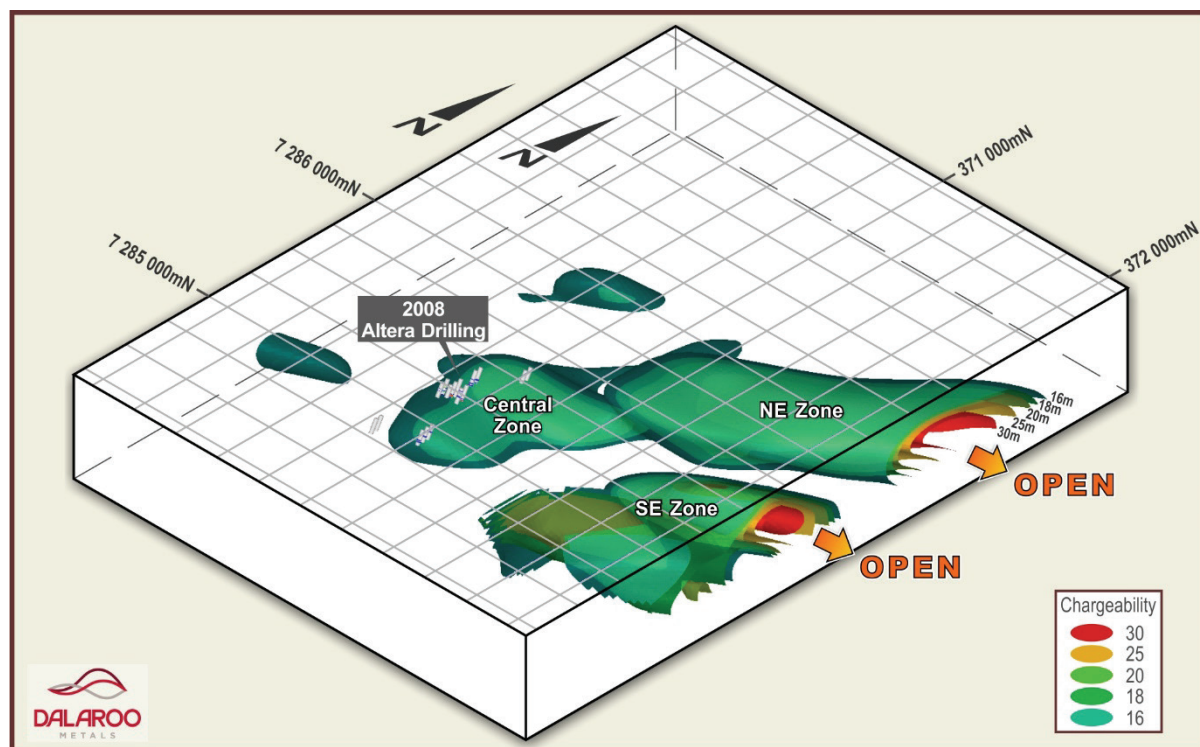


Figure 14: Four Corners – Isometric view down toward NW of 3D Induced Polarisation model (compiled from 2D inversions of 100m dipole-dipole traverses completed in 2012 and 2017) showing chargeable zones and 2008 drill holes.

Deposit model

Exploration programs undertaken by a number of companies in the Lyons River area over the previous 15 years have outlined substantial clusters of IP anomalies that are coincident with anomalous zinc and lead soil geochemistry over a strike of 2.5km. Combination of all previously completed exploration work has led to the development of a conceptual model that suggests the Lyons River Project is prospective for Broken Hill Type ("BHT") deposits.

Geoscience Australia's 2019 study, using surface wave tomography and a parameterisation for anelasticity at seismic frequencies shows 85% of world's sediment hosted base metal deposits occur within 200km of the edges of thick lithosphere. The Australian model shows striking correlation between major sediment hosted deposits and edge of thick lithosphere, defined by 170km LAB contour. Lyons River Project is located 156km from the 170km LAB contour (Figure 15).

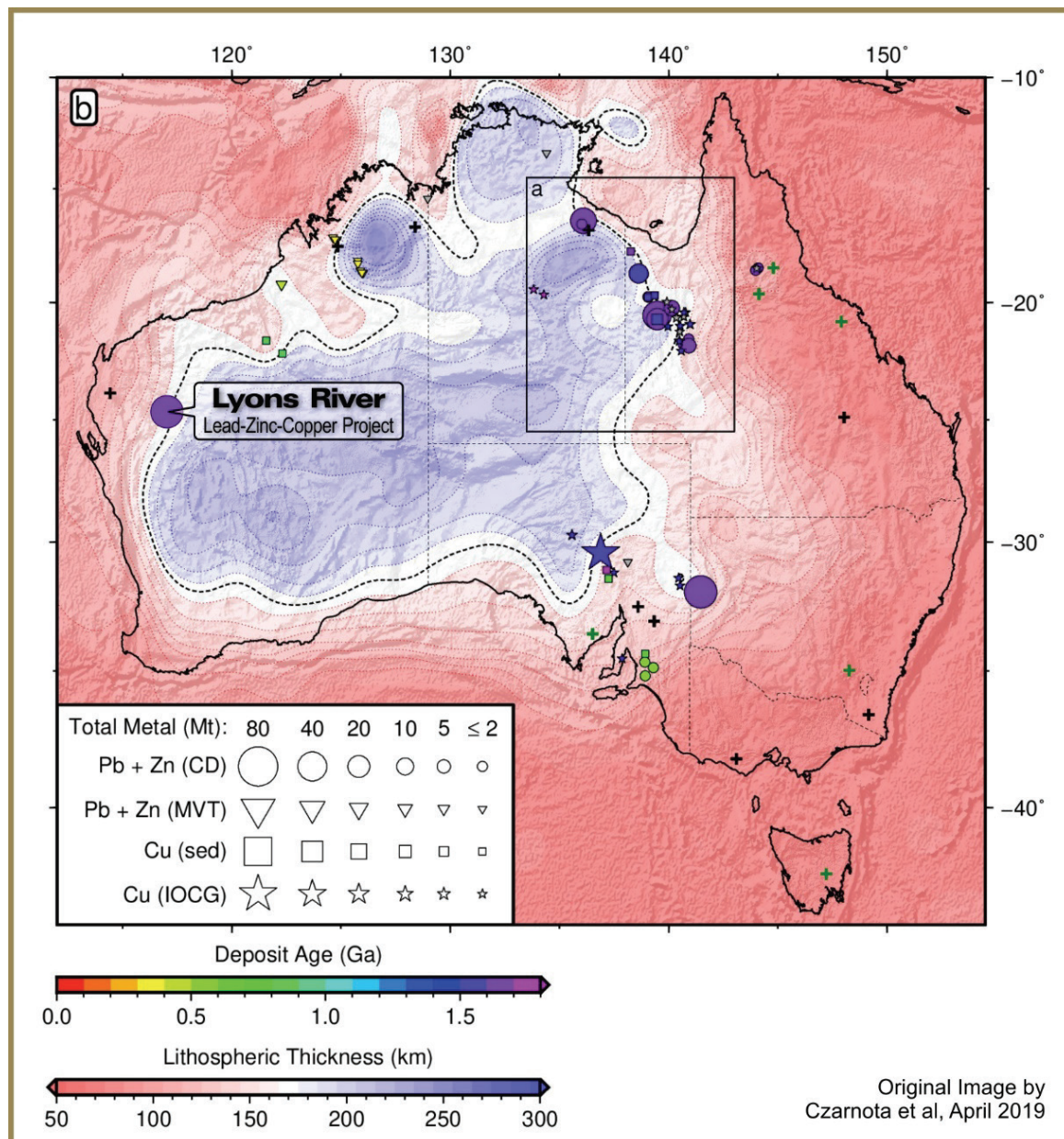


Figure 15: Distribution of SEDEX deposits, function of lithospheric thickness in Australia

In addition, large systematic soil geochemical surveys conducted since 2017 at Lyons River Project over approximately 20km of stratigraphy have outlined a further four strong geochemical targets (Figure 16).

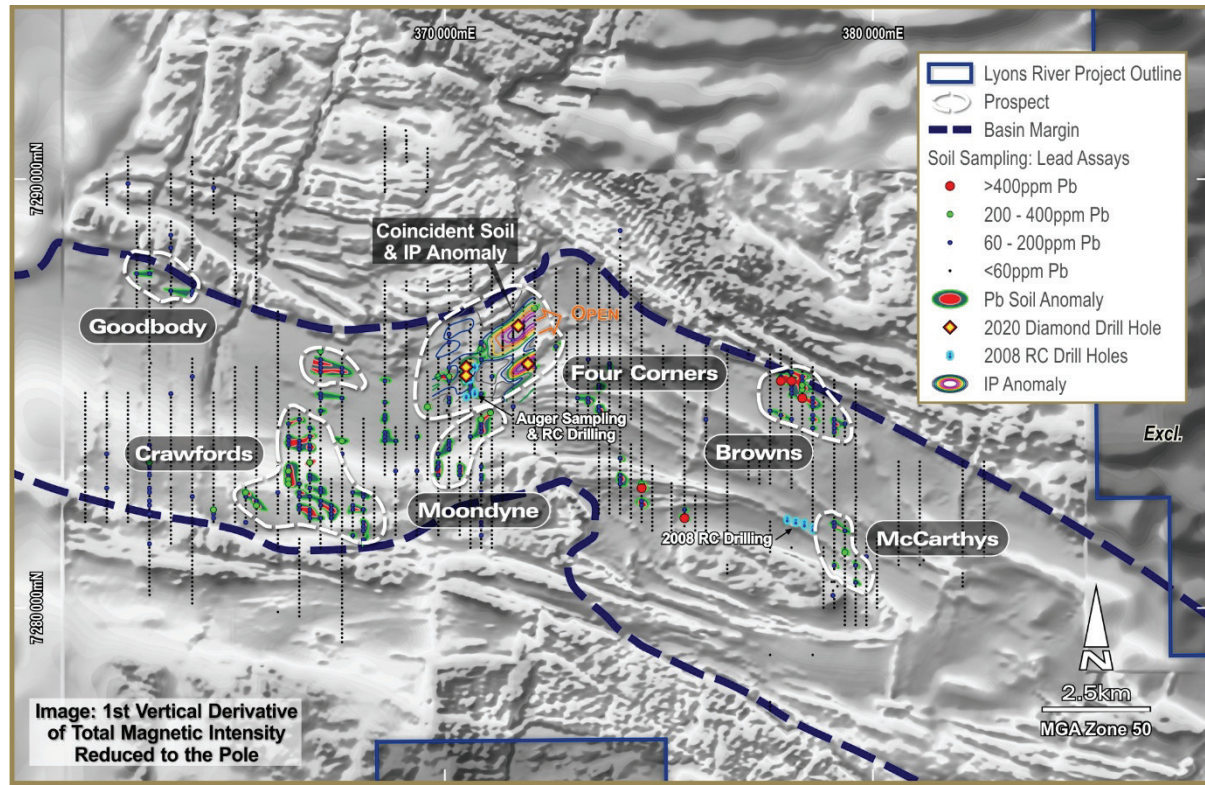


Figure 16: Lyons River Four Corner prospect and additional targets

In December 2020, 1,364m of diamond core was drilled in four drill holes to test the very significant 2.5 km strike length IP chargeability anomalies with coincident soil anomalism and the historical 2008 RC drill results (Figure 17).

Diamond drilling has delineated, a signature SEDEX/BHT lithological package with interpreted psammitic and pelitic rocks which have undergone high grade metamorphism and alteration and are comprised of biotite-quartz-anorthoclase-cordierite-sillimanite. These metamorphosed rocks have subsequently been intruded by the Davey Well granite batholith and pegmatite dykes. Significant intervals of disseminated/blebby pyrite and pyrrhotite occur within the IP chargeability zones which was the focus of the recently completed diamond drilling programme. Coeval galena, chalcopyrite and sphalerite have been observed. pXRF spectral results of Pb 3.58% and Zn 3.72% have been recorded. Varying amounts of chalcopyrite have been observed in most of the holes.

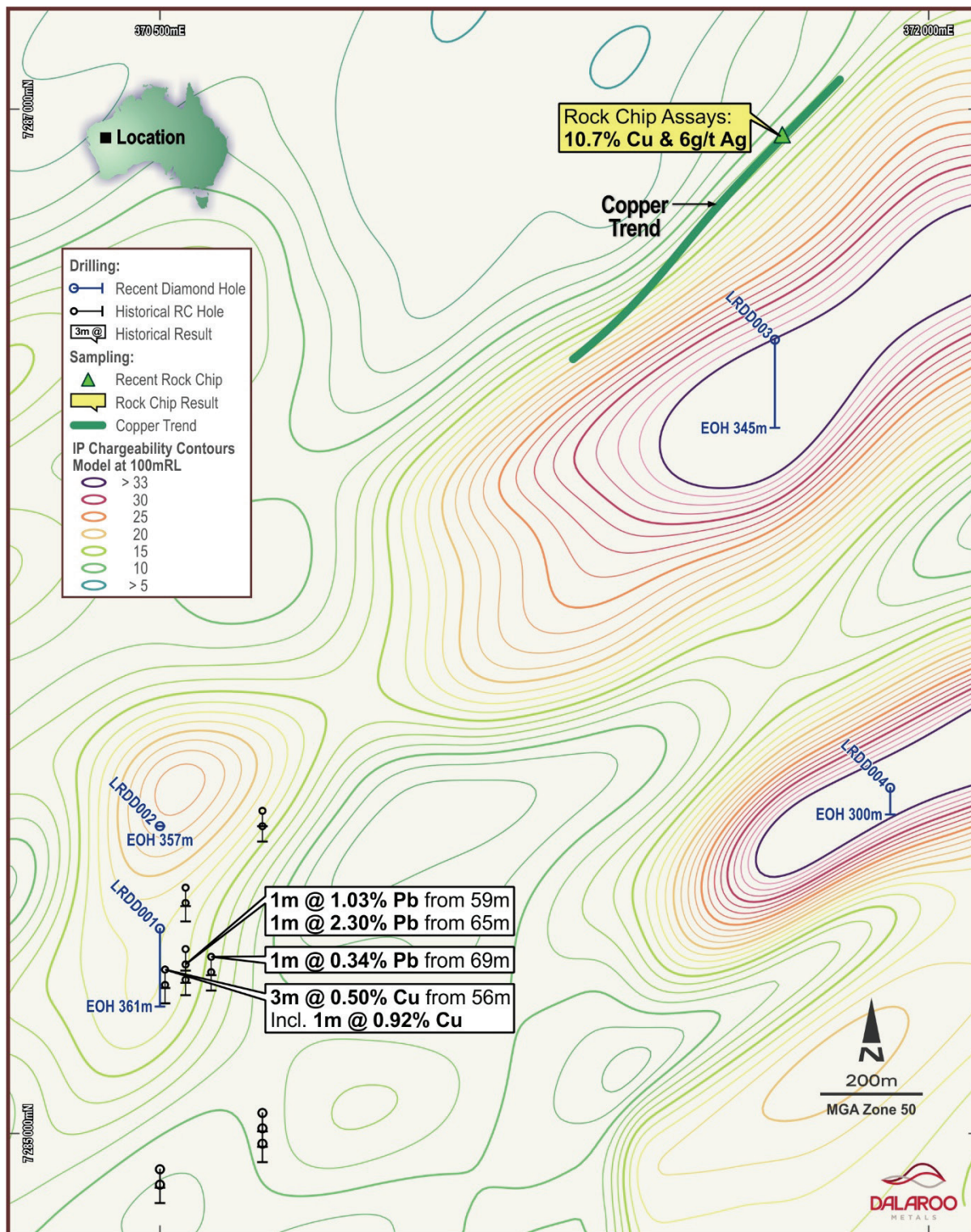


Figure 17: Drill hole location map with historical holes, recent rock chip sample results and diamond hole locations.

Next Steps

Exploration activities planned for the Lyons River Project include:

1. Dalaroo has secured a drill rig for a circa 3,000 metre RC drilling programme earmarked to commence in the December quarter to further test the Four Corners prospect, where primary zinc, lead and copper sulphide mineralisation has now been intersected. The drill programme will test extensions to mineralisation in drill hole LRDD003 along the strike extent of the NE zone of the IP anomaly and the broader untested portions of the geochemical anomaly. In addition, drilling will target the copper trend located along the northern edge of the NE zone of the IP anomaly.
2. Infill and extension geochemical surveys are currently underway and will be completed during the December quarter, covering the Browns, Crawfords, McCarthys and Goodbody prospects. Additional geochemical sampling will further refine drill targets for the coming year. Results will be reported in due course following assessment and review.
3. Specialist geophysical contractor engagement to conduct surface IP and radial/downhole IP surveys now pushed to March quarter 2022 due to unprecedented demand for their services. The IP anomaly NE and SE zones remain open to the east, IP survey lines will be extended further to the east to determine the eventual size of the currently defined 2.5km strike length anomaly.
4. Heritage surveys are being planned for the drill testing of the Browns prospect and other regional prospects/targets.

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration results is based on information compiled by Dalaroo Metals Ltd and reviewed by Mr Harjinder Kehal who is the Managing Director of the Company and is a Registered Practicing Geologist and Member of the AusIMM and AIG. Mr Kehal has sufficient experience that is relevant to the style of mineralisation, the type of deposit under consideration and to the activities undertaken to qualify as a Competent person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kehal consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Directors' Interests

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	Directors' Interests in Ordinary Shares	Directors' Interests in Unlisted Options
D Quinlivan	100,000	-
H Kehal	-	-
R Beeck	100,000	-

Directors' Meetings

The number of meetings of the Company's Directors held either in person or through circular resolution during the period ended 30 June 2021, and the number of meetings attended by each Director are as follows:

Director	Board of Directors' Meetings	
	Eligible to Attend	Attended
D Quinlivan	5	5
H Kehal	5	5
R Beeck	5	5

Options over Unissued Capital

Unlisted Options

As at the date of this report 13,000,000 unissued ordinary shares of the Company are under option as follows:

Number of Options Granted	Exercise Price	Expiry Date
8,000,000	25 cents each	28 September 2025
5,000,000	25 cents each	28 September 2024

All options on issue at the date of this report are subject to separate ASX restrictions.

During the financial period the Company granted 8,000,000 unlisted options over unissued shares to Vendors of the Lyons River and Namban projects. In addition, 5,000,000 unlisted options were issued to the Lead Manager to the Initial Public Offer ("IPO") on 28 September 2021.

No options have been cancelled during, or since the end of, the financial period.

No shares have been issued on the exercise of options during, or since the end of the financial period.

Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

Issued Capital

At the date of this report, the number of fully paid ordinary shares on issue were as follows:

Number of Shares on Issue	
	2021
Ordinary fully paid shares	54,000,000

Dividends

No dividend has been paid and no dividend is recommended for the financial period ended 30 June 2021.

Matters Subsequent to the End of the Financial PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years, other than:

- On 28 September 2021, the Company was admitted to the official list of the ASX after issuing 25.0 million Shares at \$0.20 per Shares to raise \$5.0 million before costs pursuant to a Prospectus dated 16 August 2021.
- On 28 September 2021, the Company also granted 5.0 million unlisted options to nominees of CPS Capital which are exercisable at \$0.25 each and expiring on 28 September 2024.

Likely Developments and Expected Results of Operations

The Company expects to maintain exploration programs at its Namban and Lyons River projects in Western Australia.

Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the Company and is dependent upon the results of the future exploration and evaluation.

Environmental Regulation and Performance

The Company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities.

So far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations.

Remuneration Report (Audited)

Remuneration paid to Directors and Officers of the Company is set by reference to such payments made by other ASX listed companies of a similar size and operating in the mineral exploration industry. In addition, reference is made to the specific skills and experience of the Directors and Officers.

Details of the nature and amount of remuneration of each Director, and other Key Management Personnel if applicable, are disclosed annually in the Company's Annual Report.

Remuneration Committee

The Board has adopted a formal Remuneration Committee Charter which provides a framework for the consideration of remuneration matters.

The Company does not have a separate remuneration committee and as such all remuneration matters are considered by the Board as a whole, with no Member deliberating or considering such matter in respect of their own remuneration.

In the absence of a separate Remuneration Committee, the Board is responsible for:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel; and
2. Implementing employee incentive and equity based plans and making awards pursuant to those plans.

Non-Executive Remuneration

The Company's policy is to remunerate Non-Executive Directors, at rates comparable to other ASX listed companies in the same industry, for their time, commitment and responsibilities.

Non-Executive Remuneration is not linked to the performance of the Company, however to align Directors' interests with shareholders' interests, remuneration may be provided to Non-Executive Directors in the form of equity based long term incentives.

1. Fees payable to Non-Executive Directors are set within the aggregate amount approved by shareholders at the Company's Annual General Meeting;
2. Non-Executive Directors' fees are payable in the form of cash and superannuation benefits;
3. Non-Executive superannuation benefits are limited to statutory superannuation entitlements; and
4. Participation in equity based remuneration schemes by Non-Executive Directors is subject to consideration and approval by the Company's shareholders.

The maximum Non-Executive Directors fees, payable in aggregate are currently set at \$300,000 per annum.

Executive Director and Other Key Management Personnel Remuneration

Executive remuneration consists of base salary, plus other performance incentives to ensure that:

1. Remuneration packages incorporate a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives; and
2. A proportion of remuneration is structured in a manner to link reward to corporate and individual performances.

The performance indicators framework is still to be finalised by the Board.

Executives are offered a competitive level of base salary at market rates (based on comparable ASX listed companies) and are reviewed regularly to ensure market competitiveness. To date the Company has not engaged external remuneration consultants to advise the Board on remuneration matters.

Incentive Plans

The Company plans to provide long term incentives to Directors and Employees pursuant to the Dalaroo Employee Securities Incentive Plan, which will be tabled for approval by shareholders at the Company's first AGM.

The Board, acting in remuneration matters:

1. Ensures that incentive plans are designed around appropriate and realistic performance targets and provide rewards when those targets are achieved;
2. Reviews and approves existing incentive plans established for employees; and

3. Approves the administration of the incentive plans, including receiving recommendations for, and the consideration and approval of grants pursuant to such incentive plans.

Engagement of Non-Executive Directors

Non-Executive Directors conduct their duties under the following terms:

1. A Non-Executive Director may resign from his/her position and thus terminate their contract on written notice to the Company; and
2. A Non-Executive Director may, following resolution of the Company's shareholders, be removed before the expiration of their period of office (if applicable). Payment is made in lieu of any notice period if termination is initiated by the Company, except where termination is initiated for serious misconduct.

In consideration of the services provided by Mr David Quinlivan as Non-Executive Chairman the Company will pay him \$65,000 plus statutory superannuation per annum (at 10%), commencing on 28 September 2021, the date the Company was admitted to the Official List of the ASX.

In consideration of the services provided by Mr Robert Beeck as Non-Executive Director the Company will pay him \$45,000 plus statutory superannuation per annum (at 10%), commencing on 28 September 2021, the date the Company was admitted to the Official List of the ASX.

Messrs Quinlivan and Beeck are also entitled to fees for other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company. There were no such fees paid during the financial period ended 30 June 2021.

Engagement of Executive Director

The Company has entered into an executive service agreement with Mr Harjinder Kehal on the following material terms and conditions:

Mr Kehal's service agreement with the Company, in respect of his engagement as Managing Director, is effective for three years from 28 September 2021. Mr Kehal will receive a base salary of \$250,000 per annum plus statutory superannuation of 10% per annum. Under the terms of the service agreement, if the Company terminates Mr Kehal's employment, other than due to illness or Summary Termination, the Company is required to pay Mr Kehal six (6) months remuneration (less taxation) in full and final satisfaction of all claims against the Company.

The Managing Director may also receive an annual short term performance based bonus which may be calculated as a percentage of his current base salary, the performance criteria, assessment and timing of which is negotiated annually with the Non-Executive Directors.

The Managing Director may, subject to shareholder approval, participate in the Dalaroo Employee Securities Incentive Plan and other long term incentive plans adopted by the Board.

Short Term Incentive Payments

Each year, the Non-Executive Directors will set the Key Performance Indicators (KPI's) for the Executive Director. The KPI's are chosen to align the reward of the individual Executives to the strategy and performance of the Company.

Performance objectives, which may be financial or non-financial, or a combination of both, are weighted when calculating the maximum short term incentives payable to Executives. At the end of the year, the Non-Executive Directors will assess the actual performance of the Executives against the set Performance Objectives. The maximum amount of the short term Incentive, or a lesser amount depending on actual performance achieved will be paid to the Executives on a basis to be finalised by the Board.

No short term incentives are payable to Executives where it is considered that the actual performance has fallen below the minimum requirement.

Shareholding Qualifications

The Directors are not required to hold any shares in Dalaroo under the terms of the Company's constitution.

Company Performance

In considering the Company's performance, the Board provides the following indices in respect of the current financial periods and previous financial periods:

	2021
Loss for the period attributable to shareholders	\$79,745
Closing share price at 30 June 2021	N/A

As an exploration company the Board does not consider the profit/(loss) attributable to shareholders as one of the performance indicators when implementing Short Term Incentive Payments.

In addition to technical exploration success, the Board considers the effective management of safety, environmental and operational matters and the acquisition and consolidation of high quality landholdings, as more appropriate indicators of management performance.

Remuneration Disclosures

The Key Management Personnel of the Company have been identified as:

Mr David Quinlivan	Non-Executive Chairman
Mr Harjinder Kehal	Managing Director
Mr Robert Beeck	Non-Executive Director

The details of the remuneration of each Director and member of Key Management Personnel of the Company is as follows:

30 June 2021	Short Term		Post Employment	Other Long Term		
	Base Salary \$	Short Term Incentive \$	Superannuation Contributions \$	Value of Options \$	Total \$	Value of Options as Proportion of Remuneration %
D Quinlivan ¹	-	-	-	-	-	-
H Kehal ²	12,500	-	-	-	12,500	-
R Beeck ¹	-	-	-	-	-	-
Total	12,500	-	-	-	12,500	-

Note: (1) Messrs Quinlivan & Beeck remuneration commences 28 September 2021.
(2) Mr Kehal received consulting fees of \$12,500 for services provided in June 2021 through the Kehal Family Trust.

Details of Performance Related Remuneration

During the period, no short term incentive payments were paid to executive directors:

No performance indicators have been set for the for the 2020/21 financial period.

Options Granted as Remuneration

No options have been issued as remuneration during, or since the end of, the financial period.

The fair value of options issued as remuneration is allocated to the relevant vesting period of the options. Options are provided at no cost to the recipients.

No options were exercised by Key Management Personnel during the financial period.

Exercise of Options Granted as Remuneration

During the year, no ordinary shares were issued in respect of the exercise of options previously granted as remuneration to Directors or Key Management Personnel of the Company.

Equity Instrument Disclosures Relating to Key Management Personnel

Option Holdings

Key Management Personnel have the following interests (direct and indirect) in unlisted options over unissued shares of the Company:

2021 Name	Balance at Start of the Period	Received During the Period as Remuneration	Other Changes During the Period	Balance at the End of the Period	Vested and Exercisable at the End of the Period
Key Management Personnel (KMP)					
D Quinlivan ¹	-	-	-	-	-
H Kehal ¹	-	-	-	-	-
R Beeck ^{1, 2}	-	-	-	-	-

- Note: (1) These KMP's are directors of Serena Minerals Limited which holds 4.0 million unlisted options in the Company.
- (2) This KMP is a director of Shenton Resources Limited which holds 4.0 million unlisted options in the Company.

Share Holdings

The number of shares in the Company held during the financial period by key management personnel of the Company, including their related parties are set out below. There were no shares granted during the reporting period as compensation.

2021 Name	Balance at Start of the Period	Received During the Period on Exercise of Options	Other Changes During the Period	Balance at the End of the Period
Key Management Personnel (KMP)				
D Quinlivan ¹	-	-	-	-
H Kehal ¹	-	-	-	-
R Beeck ^{1, 2}	-	-	-	-

Note: (1) These KMP's are directors of Serena Minerals Limited which holds 11,499,999 fully paid ordinary Shares in the Company.
 (2) This KMP is a director of Shenton Resources Limited which holds 11,224,999 fully paid ordinary Shares in the Company.

Loans Made to Key Management Personnel

No loans were made to key management personnel, including personally related entities during the reporting period.

Other Transactions with Key Management Personnel

There were no other transactions with key management personnel.

End of Remuneration Report

Officers' Indemnities and Insurance

During the period, the Company did not pay an insurance premium to insure officers of the Company. The Company has not provided any insurance for the auditor of the Company.

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

Non-audit Services

During the period Crowe Perth the Company's auditor, has not performed any other services in addition to their statutory duties, other than as stated below.

Total remuneration paid to auditors during the financial period:	2021 \$
Audit of the Company's financial statements	10,000
Other services – Preparation of an Independent Limited Assurance Report and associated procedures for inclusion in a Prospectus	25,571
Total	35,571

The board considers any non-audit services provided during the period by the auditor and satisfies itself that the provision of any non-audit services during the period by the auditor is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they do 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.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

Dated at Perth this 26th day of October 2021.



Harjinder Kehal
Managing Director

AUDITORS INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Dalaroo Metals Limited for the period ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Crowe Perth



Cyrus Patell
Partner

Signed at Perth, 26 October 2021

DALAROO METALS LTD**Statement of Profit or Loss and Other Comprehensive Income****Statement of Profit or Loss and Other Comprehensive Income
for the financial period ended 30 June 2021**

	Note	Company
		Period Ended 30 June 2021 \$
Other income		4
Total income		4
Employee expenses		(16,695)
Professional fees		(31,000)
IPO & Related costs		(19,918)
Administration and Other expenses		(7,355)
Exploration costs expensed		(4,777)
Profit/(Loss) before income tax		(79,745)
Income tax benefit	5	-
Profit/(Loss) after tax		(79,745)
Other comprehensive income		-
Total comprehensive income/(loss) for the year		(79,745)
Earnings per share for loss attributable to the ordinary equity holders of the Company		
Basic earnings/(loss) cents per share	21	(0.83)
Diluted earnings/(loss) cents per share	21	(0.83)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

DALAROO METALS LTD
Statement of Financial Position

Statement of Financial Position
as at 30 June 2021

	Note	Company
		2021 \$
Current assets		
Cash and cash equivalents	6	402,152
Trade and other receivables		6,365
Prepayments		13,132
Total current assets		421,649
Non-current assets		
Exploration & Evaluation Assets	7	971,540
Total non-current assets		971,540
Total assets		1,393,189
Current liabilities		
Trade payables	8	125,980
Related party payables		952
Total current liabilities		126,932
Total liabilities		126,932
Net assets		1,266,257
Equity		
Issued capital	9	1,346,002
Accumulated losses	11	(79,745)
Total equity		1,266,257

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the Financial Period Ended 30 June 2021

	Company		
	Issued Capital \$	Accumulated Losses \$	Total \$

2021

Balance at the start of the financial period	-	-	-
Comprehensive loss for the financial period	-	(79,475)	(79,745)
Transactions with equity holders in their capacity as equity holders:			
Shares issued (net of costs)	1,346,002	-	1,346,002
Balance at the end of the financial period	1,346,002	(79,745)	1,266,257

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the Financial Period ended 30 June 2021

	Note	Company
		Period Ended 30 June 2021 \$
Cash flows from operating activities		
Interest received		4
Payments to suppliers and employees		(10,029)
Net cash from/(used in) operating activities	20	(10,025)
Cash flows from investing activities		
Payments for exploration and evaluation		(4,777)
Net cash from/ (used in) investing activities		(4,777)
Cash flows from financing activities		
Repayment of borrowings		(1,117)
Proceeds from borrowings		2,069
Proceeds from the issue of shares		440,002
Payments for share issue costs		(24,000)
Net cash from/(used in) financing activities		416,954
Net increase/(decrease) in cash held		402,152
Cash at the beginning of the financial period	6	-
Cash at the end of the financial period	6	402,152

The above statement of cash flows should be read in conjunction with the accompanying notes.

**Notes to the Financial Statements
for the Financial Period ended 30 June 2021**

Note 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied throughout the reporting period, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

These financial statements reflect Dalaroo Metals Ltd as an individual entity. They are prepared and presented in Australian Dollars which is the functional and presentation currency of the company.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

(b) Mineral Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is written off as incurred, other than tenement acquisition costs which are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development and exploitation of the area of interest, or by its sale or where exploration activities in the area are continuing and have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

(c) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(d) Business Combinations / Asset Acquisitions

The Company applies the acquisition method when the assets acquired and liabilities assumed constitute a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income or other income from ordinary activities. A business will generally consist of inputs and processes applied to those inputs. In a business combination all transaction costs are expensed.

If the assets acquired do not constitute a business, the Company accounts for the transaction as an asset acquisition, whereby the asset and liabilities are assigned carrying values based on their relative

fair values in an asset purchase transaction. No deferred taxes will arise in relation to the acquired assets or liabilities assumed as a result of the application of the initial exemption for deferred tax under AASB 112. No goodwill arises on the acquisition. Transaction costs in relation to asset acquisitions are capitalized.

(e) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(f) Right of Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis, over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(g) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders 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.

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.

(h) Financial Instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or air value through other comprehensive income. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting period as to whether the financial instruments credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12 month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit loss.

(i) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Any goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the

estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Share Based Payments

For equity settled share-based payment transactions with parties other than employees (and those providing similar services), the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless the fair value cannot be reliably estimated. If the Company cannot reliably estimate the fair value of the goods or services received, it measures their fair value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

For transactions measured by reference to the fair value of the equity instruments granted, the Company measures the fair value of the equity instruments granted at the measurement date. For transactions with parties other than employees (and those providing similar services), the measurement date is the date that the Company obtains the goods or the counterparty renders the service.

(k) 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.

(l) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

(m) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(n) Trade Receivables and Other Receivables

Trade receivables and other receivables, including distributions receivable, are recognised at the nominal transaction value without taking into account the time value of money.

(o) Trade Creditors and Other Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST included is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the 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 tax authority, are presented as operating cash flows.

(q) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(r) New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The company has adopted the revised Conceptual Framework from 5 March 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the company's financial statements

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(s) Comparative Information

Comparative financial information has not been presented for the Company as the Company was incorporated on 5 March 2021.

(t) Rounding

All amounts presented in the financial statements have been rounded to the nearest dollar.

Note 2 Financial Risk Management

The Company has exposure to a variety of risks arising from daily operations. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and Other Receivables

The current nature of the business activity of the Company does not result in trading receivables. Accordingly, the Company's exposure to credit risk in relation to trade receivables is not material.

Cash Deposits

The Directors believe any risk associated with the use of predominantly only one bank is addressed through the use of at least an A-rated bank as a primary banker and by the holding of a portion of funds on deposit with alternative A-rated institutions. Except for this matter the Company currently has no significant concentrations of credit risk.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Interest Rate Risk

The Company has cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Company requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements, the Company does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.

Foreign Exchange Risk

The Company does not have any direct contact with foreign exchange fluctuations other than their effect on the general economy.

Note 3 Critical Accounting Estimates and Assumptions

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to these amounts. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The

resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Exploration and Evaluation

The future recoverability of capitalized exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit areas of interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact future recoverability include the level of reserves and resources, future technological changes, future legal changes (including changes to environmental obligations), future changes to rights to tenure and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will impact profit and loss in the period in which this determination is made.

Note 4 Segment Information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Company's sole activity is mineral exploration and resource development wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.

	Company
	Period Ended 30 June 2021 \$

Note 5 Income Tax

a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable

Profit/(Loss) from continuing operations before income tax expense	(79,745)
Tax at 30%	(23,924)
<i>Tax effect of permanent differences:</i>	
Section 40-880 deductions	3,340
Revenue losses & other deferred tax balances not recognised	20,583
Income Tax (benefit)/expense	-

	Company
	30 June 2021 \$

Note 5 Income Tax (continued)

b) Deferred Tax – Balance Sheet

Liabilities

Capitalised exploration expenditure	<u>3,194</u>
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Assets

Carry forward revenue losses	20,777
Section 40-880 costs	10,540
Other	<u>3,000</u>

34,317

Net deferred tax benefit not recognised at 30%	<u><u>31,123</u></u>
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The deferred tax benefit of tax losses not brought to account will only be obtained if:

- (i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

Note 6 Current Assets - Cash and Cash Equivalents

Cash at bank and on hand	<u>402,152</u>
	<u><u>402,152</u></u>

(a) Reconciliation to Cash at the End of the Period

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Cash and cash equivalents per statement of cash flows	<u><u>402,152</u></u>
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(b) Cash Balances Not Available for Use

There are no amounts included in cash and cash equivalents above that are pledged as guarantees or otherwise unusable by the Company.

	Company
	30 June 2021
	\$

Note 7 Exploration and Evaluation Assets

	\$
Opening balance at start of period	-
Acquisition of tenements - at fair value	930,000
Acquisition related costs – stamp duty	41,540
Closing balance at 30 June 2021	971,540

During the period, the Company entered into a number of Tenement Acquisition Agreements with Serena Minerals Limited, Shenton Resources Limited and Slambam Enterprises Pty Ltd for the purchase of a total of 13 exploration tenements. The Company does not consider that the acquisitions meet the definition of a business combination in accordance with AASB 3 as the acquired assets are not deemed to be a business for accounting purposes. Given the nature of the acquisitions, the Company has accounted for these transactions under AASB 6 – *Exploration for and Evaluation of Mineral Resources* and has recognized the fair value of the assets acquired, as an exploration and evaluation asset. This is in accordance with the Company's accounting policy.

The consideration offered by the Company was non-cash and was in the form of fully paid ordinary shares and unlisted share options. The total number of ordinary shares and unlisted options issued as consideration was as follows:

	<u>Ordinary Shares</u>	<u>Unlisted share options</u>
Serena Minerals Limited	11,499,999	4,000,000
Shenton Resources Limited	11,224,999	4,000,000
Slambam Enterprises Pty Ltd	275,000	-
TOTAL	22,999,998	8,000,000

For the abovementioned equity settled share based payment transactions, the Company measured the tenements acquired, and the corresponding increase in equity, directly, at the fair value of the tenements acquired, in accordance with the requirements AASB 2 – *Share based Payment*. The fair value of the tenements acquired were measured at the point control of the assets was obtained by the Company, which was the date of execution of the Tenement Acquisition Agreements, being 20 May 2021. The primary valuation method adopted in determining fair value was the comparable transaction (market based) approach.

The unlisted share options are exercisable at \$0.25 each and expire 4 years after the admission of the Company to the ASX.

	Company
	30 June 2021
	\$

Note 8 Trade Payables

Trade payables and accruals	125,980
	<u>125,980</u>

Note 9 Issued Capital

a) Ordinary Shares

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

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. There is no limit to the authorised share capital of the Company.

	30 June 2021	
	No	\$

b) Share capital

Issued share capital	<u>29,000,000</u>	<u>1,346,002</u>
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c) Share Movements During the Period

Balance at the start of the financial period	-	-
Shares issued on incorporation	2	2
Shares issued to seed investors	2,000,000	40,000
Shares issued to pre-IPO investors	4,000,000	400,000
Shares issued to acquire exploration assets	22,999,998	930,000
Less share issue costs	-	(24,000)
Balance at the end of the financial period	<u>29,000,000</u>	<u>1,346,002</u>

Note 10 Share Options and Share Based Payments

Employee Securities Incentive Plan

The Dalaroo Metals Ltd Employees Securities Incentive Plan ("the Plan") will be the subject of approval by shareholders of the Company at its first AGM to be held on 8 December 2021.

All eligible Directors, executive officers and employees of Dalaroo Metals Ltd who have been continuously employed by the Company are eligible to participate in the Plan.

The Plan allows the Company to issue options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price in accordance with the Plan.

At the date of this report no securities have been issued pursuant to the terms and conditions of the Plan.

As at the date of this report 13,000,000 unissued ordinary shares of the Company are under option as follows:

Number of Options Granted	Exercise Price	Expiry Date
5,000,000	25 cents each	28 September 2024
8,000,000	25 cents each	28 September 2025

All options on issue at the date of this report are vested and exercisable, subject to separate ASX escrow restrictions.

During the financial period the Company granted 8,000,000 unlisted options over unissued shares to the vendors of the Lyons River and Namban Projects.

No options have been cancelled during, or since the end of, the financial period.

No shares have been issued on the exercise of options during, or since the end of the financial period. Options do not entitle the holder to participate in any share issue of the Company or any other body corporate. The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

Reconciliation of Movement of Options Over Unissued Shares During the Period Including Weighted Average Exercise Price (WAEP)

	30 June 2021	
	No	WAEP (cents)
Options outstanding at the start of the period	-	-
Options issued during the period	8,000,000	25.0
Options exercised during the period	-	-
Options cancelled and expired unexercised during the period	-	-
Options outstanding at the end of the period	8,000,000	25.0

Note 10 Share Options and Share Based Payments (continued)

Weighted Average Contractual Life

The weighted average contractual life for un-exercised options at the end of the financial period is 48 months.

	30 June 2021
	\$

Note 11 Accumulated Losses

Balance at the beginning of the period	-
Profit/(Loss) for the period	(79,745)
	<hr/>
Balance at the end of the period	<u>(79,745)</u>

Note 12 Financial instruments

Credit Risk

The Directors do not consider that the Company's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made.

Impairment Losses

The Directors do not consider that any of the Company's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period.

Interest Rate Risk

At the reporting date the interest profile of the Company's interest-bearing financial instruments was:

	Carrying Amount
	\$

Variable rate instruments

Cash and cash equivalents	<u>402,152</u>
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Note 12 Financial instruments (continued)

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	1% Increase	1% Decrease	1% Increase	1% Decrease
2021				
Variable rate instruments	4,021	(4,021)	4,021	(4,021)

Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Entity	Carrying Amount \$	Contractual Cash Flows \$	< 6 Months \$	6-12 Months \$	1-2 Years \$	2-5 Years \$	> 5 Years \$
2021							
Trade payables	125,980	125,980	125,980	-	-	-	-
Related party payable	952	952	952				
	<u>126,932</u>	<u>126,932</u>	<u>126,932</u>	-	-	-	-

Fair Values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	Company	
	2021	
	Carrying Amount \$	Fair Value \$
Cash and cash equivalents	402,152	402,152
Receivables	6,635	6,635
Trade payables	(125,980)	(125,980)
Related Party payables	(952)	(952)
	<u>281,855</u>	<u>281,855</u>

Note 13 Dividends

No dividends were paid or proposed during the financial period ended 30 June 2021. The Company has no franking credits available as at 30 June 2021.

Note 14 Key Management Personnel Disclosures

(a) Directors and Key Management Personnel

The following persons were directors of Dalaroo Metals Ltd during the financial period:

- (i) *Chairman – non-executive*
David Quinlivan
- (ii) *Executive director*
Harjinder Kehal, Managing Director
- (iii) *Non-executive director*
Robert Beeck

There were no other persons employed by or contracted to the Company during the financial period, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

(b) Key Management Personnel Compensation

A summary of total compensation paid to key management personnel during the financial period is as follows:

	Period Ended 30 June 2021 \$
Total short-term employment benefits	12,500
Total share based payments	-
Total post-employment benefits	-
	<u>12,500</u>

(c) Other Transactions with Key Management Personnel

On 19 August 2021, the Company entered into a three year lease agreement, commencing 1 July 2021, with Borden Holdings Pty Ltd, an entity associated with Mr David Quinlivan, in respect of the lease for the Company's offices. The annual cost of the lease, inclusive of variable outgoings and excluding GST is approximately \$134,000 per annum. The annual rental component under the arrangement is \$72,000 per annum (exclusive of GST). Under the terms of the lease, the Company has an option to extend the lease term for a further three years, commencing 1 July 2024. The lease is considered to be entered into on normal commercial terms.

Note 15 Remuneration of Auditors

Audit of the Company's financial statements	10,000
Other services – Preparation of an Independent Limited Assurance Report and associated procedures for inclusion in a Prospectus	25,571
	<u>35,571</u>
Total	<u>35,571</u>

Note 16 Contingencies

(a) Contingent liabilities

There were no material contingent liabilities as at 30 June 2021 other than:

Native Title and Aboriginal Heritage

Native title claims have been made with respect to certain areas which include tenements in which the Company has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

(b) Contingent assets

There were no contingent assets as at 30 June 2021.

Note 17 Commitments

(a) Exploration

The Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may be varied as a result of renegotiations of the terms of the exploration licences or their relinquishment. The minimum exploration obligations are less than the normal level of exploration expected to be undertaken by the Company.

As at balance date, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements and which cover the following twelve month period amount to \$660,500.

(b) Contractual Commitments

There are no material contractual commitments as at 30 June 2021 not otherwise disclosed in the financial statements.

Note 18 Related Party Transactions

Transactions with Directors during the period are disclosed at Note 14 – Key Management Personnel.

There are no other related party transactions, other than those already disclosed elsewhere in this financial report.

Note 19 Events Occurring After the Balance Sheet Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years, other than:

- On 28 September 2021, the Company was admitted to the official list of the ASX after issuing 25.0 million Shares at \$0.20 per Shares to raise \$5.0 million before costs pursuant to a Prospectus dated 16 August 2021.
- On 28 September 2021, the Company also granted 5.0 million unlisted options to nominees of CPS Capital which are exercisable at \$0.25 each and expiring on 28 September 2024.

	Company
	Period Ended 30 June 2021 \$

Note 20 Reconciliation of Loss After Tax to Net Cash Inflow from Operating Activities

Profit/(Loss) from ordinary activities after income tax	(79,745)
<i>Movement in assets and liabilities:</i>	
(Increase)/decrease in receivables	(6,365)
(Increase)/decrease in other assets	(13,132)
Increase/(decrease) in payables	89,217
Net cash provided by (used in) operating activities	(10,025)

Non-Cash Investing and Financing Activities

During the reporting period the Company issued 22,999,998 ordinary fully paid shares and 8,000,000 unlisted options as consideration for the acquisition of exploration assets (refer Notes 7 & 9).

Note 21 Earnings Per Share

	Company
	Period Ended 30 June 2021

a) Basic Earnings Per Share	
Loss per share attributable to ordinary equity holders of the Company -cents per share	(0.83)
b) Diluted Earnings Per Share	
Loss per share attributable to ordinary equity holders of the Company – cents per share	(0.83)
c) Loss Used in Calculation of Basic and Diluted Loss Per Share	\$
Company profit/(loss) after tax from continuing operations	(79,745)
d) Weighted Average Number of Shares Used as the Denominator	No.
Weighted average number of shares used as the denominator in calculating basic earnings per share	9,606,839
Weighted average number of shares used as the denominator in calculating diluted earnings per share	9,606,839

Note 22 Ultimate Parent Entity

Serena Minerals Limited held 40% of the issued capital of the Company as at 30 June 2021. Based on the number of Directors of Serena Minerals Limited who are also Directors of the Company, it was concluded that Serena Minerals Limited controls the Company and is therefore considered the parent entity of the Company.

Directors' Declaration

In the opinion of the Directors of Dalaroo Metals Ltd ("the Company")

- (a) the financial statements and notes set out on pages 31 to 50 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the period ended on that date of the Company.
- (b) the remuneration disclosures that are contained in the Remuneration Report in the Directors Report comply with Australian Accounting Standard *AASB 124 Related Party Disclosures*, the Corporations Act 2001 and the Corporations Regulations 2001.
- (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.
- (d) the financial statements comply with International Financial Reporting Standards as set out in Note 1.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial period ended 30 June 2021.

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

Signed at Perth this 26th day of October 2021.



Harjinder Kehal
Managing Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DALAROO METALS LIMITED

Report on the audit of the Financial Report

Opinion

We have audited the financial report of Dalaroo Metals Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements comprising a summary of significant accounting policies and the Director's Declaration.

In our opinion the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the Company's financial position at 30 June 2021 and of its financial performance for the period then ended; and
- (b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 this report. We are independent of the Company in accordance with the 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 (including Independence Standards)* (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 we addressed the Key Audit Matter
Carrying value of capitalised mineral exploration and evaluation expenditure	
During the period, the Company entered into agreements to acquire mineral exploration tenements comprising the Namban Project and Lyons River Project. In exchange, the Company issued the vendors non-cash consideration in the	Our procedures included, but were not limited to: <ul style="list-style-type: none">• Verification of acquisition details to executed sale agreements;

Key Audit Matter	How we addressed the Key Audit Matter
<p>form of fully paid ordinary shares and unlisted options. The carrying amount of capitalised mineral exploration and evaluation expenditure was a significant component of the Company's total assets at \$971,540 at 30 June 2021.</p> <p>This matter is considered a key audit matter due to the high degree of judgement required by the directors in assessing the impact of Australian Accounting Standards on the accounting treatment to be adopted in the measurement, recognition and disclosure of these acquisitions, in particular:</p> <ul style="list-style-type: none"> • <i>AASB 3 – Business Combinations</i> <ul style="list-style-type: none"> ◦ Whether the acquisitions met the definition of a business; • <i>AASB 2 - Share Based Payments</i> <ul style="list-style-type: none"> ◦ Whether the transactions were in the nature of share-based payment arrangements; and ◦ Determination of the value of the goods or services received, based on the fact that the transactions were with parties other than employees. <p>In addition to the above, <i>AASB 6- Exploration for and Evaluation of Mineral Resources</i> requires that that the carrying value of exploration and evaluation assets be assessed for impairment by the Company when facts or circumstances indicate that the carrying values may exceed their recoverable amounts. The determination as to whether there are any indicators that require exploration and evaluation assets to be assessed for impairment involves a number of management judgements.</p> <p>The conditions and assessment undertaken in relation to the above are disclosed in the Company's accounting policy Notes 1(b), 1(d), 1(j) and Note 7 in the financial report.</p>	<ul style="list-style-type: none"> • Reviewing the relevant project acquisition agreements to determine the nature of the assets being acquired and the existence or otherwise, of inputs and whether any processes were acquired, that if applied to the inputs, were capable of generating outputs, in accordance with the requirements of <i>AASB 3 – Business Combinations</i>; • Evaluating the appropriateness of the Company's valuation approach to determine the value of the tenements acquired in accordance with the requirements of <i>AASB 2 – Share Based Payments</i>; • Challenging the reasonableness of the key estimates and assumptions used by Management's independent expert in determining a value for the tenements acquired by the Company; • Conducting discussions with management regarding the criteria used in their impairment assessment and ensuring that this was in line with <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>; • Evaluating key assumptions adopted by management that support the position formed on whether the exploration and evaluation expenditure was impaired; • Reviewing evidence of management intentions for the areas of interest the Company holds, to corroborate the representations made by management during our discussions; • Examining the Company's right to tenure by obtaining and assessing supporting documentation such as exploration licenses and any correspondence with relevant government agencies in connection with the minimum expenditure requirements for the areas of interest; and • Assessing the adequacy of the disclosures included within the financial report.

Information Other than the Financial Report and the Audit's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report for the period ended 30 June 2021 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 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 upon the work we have performed, we conclude that there is 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 preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or have 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 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 the financial report.

As part of an audit in accordance with 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 Company'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 Company'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. However, future events or conditions may cause the Company 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 statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to 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 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

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the period ended 30 June 2021.

In our opinion, the Remuneration Report of Dalaroo Metals Limited for the period ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.



Crowe Perth



Cyrus Patell
Partner

Signed at Perth, Western Australia dated this 26 October 2021

ASX Additional Information – Shareholder Information

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 25 October 2021.

1. Shareholding

a) Distribution of Shareholders

Holding Range	Number of Holders	Fully Paid Ordinary Shares
1 – 1,000	2	257
1,001 – 5,000	43	125,808
5,001 – 10,000	94	890,229
10,001 – 100,000	349	15,469,891
100,001 +	54	37,513,815
Totals	542	54,000,000

b) Listed Options

At the date of this report, the Company has no listed options.

c) Unmarketable Parcels

At \$0.185 per share, the minimum marketable holding size is 2,703. 25 shareholders hold less than this amount, collectively they hold 47,674 ordinary shares.

d) Top 20

The 20 largest shareholders hold 60.64 % of the Company's ordinary shares

e) Issued Capital

There are 54,000,000 shares on issue, held by 542 shareholders.

f) Substantial shareholders (greater than 5%)

The substantial shareholder in the Company on 25 October 2021 are the following:

- **Serena Minerals Limited** holding 11,500,000 fully paid ordinary shares – 21.3%
- **Shenton Resources Limited** holding 11,225,000 fully paid shares – 20.8%
- **Mr Jason Peterson** holding 3,312,500 fully paid shares – 6.13%

g) Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

h) Top 20 Holders (Ordinary Shares)

Position	Holder Name	Shares	%
1	SERENA MINERALS LIMITED	11,500,000	21.30
2	SHENTON RESOURCES LIMITED	11,225,000	20.79
3	CITYSCAPE ASSET PTY LTD <CITYSCAPE FAMILY A/C>	2,000,000	3.70
4	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	1,292,500	2.39
5	BEACHCOVE CAPITAL PTE LTD	1,200,000	2.22
6	AUTUMN ORIGIN CAPITAL PTY LTD	717,420	1.33
7	AMAL TRUSTEES PTY LTD <MAGNOLIA CAPITAL ECMC A/C>	500,000	0.93
8	PERTH SELECT SEAFOODS PTY LTD	500,000	0.93
9	LUJETA PTY LTD <MARGARET A/C>	485,000	0.90
10	MR ARTIE DAMAA	433,500	0.80
11	NYSHA INVESTMENTS PTY LTD <SANGHAVI FAMILY A/C>	375,000	0.69
12	HITMASTER PTY LTD	375,000	0.69
13	MR DALE MAURICE RAYNES	350,000	0.65
14	JOHN WARDMAN & ASSOCIATES PTY LTD <THE WARDMAN SUPER FUND A/C>	275,000	0.51
15	SLAMBAM ENTERPRISES PTY LTD	275,000	0.51
16	DANTEEN PTY LTD	250,000	0.46
17	BRIANT NOMINEES PTY LTD <BRIANT SUPER FUND A/C>	250,000	0.46
18	CHAMPAGNE CAPITAL PTY LTD <OYSTER SUPER FUND A/C>	250,000	0.46
19	MR SHANE TIMOTHY BALL <THE BALL A/C>	250,000	0.46
20	MR ROHIT KUMAR MALHOTRA <THE MALHOTRA FAMILY A/C>	250,000	0.46
Total:		32,753,420	60.64
Total issued capital – ordinary shares		54,000,000	100.00

2. Unquoted Securities

The Company has the following unquoted securities on issued as at 25 October 2021

Number on Issue	Class	Number of Holders
8,000,000	Unlisted Options exercisable at \$0.25 expiring on 28 September 2025	2
5,000,000	Unlisted Options exercisable at \$0.25 expiring on 28 September 2024	18

Holders over 20% in each unlisted class of securities

Holder Name	Class	% Held in Class
Serena Minerals Limited	Unlisted Options exercisable at \$0.25 expiring 28 September 2025	50.00%
Shenton Resources Limited	Unlisted Options exercisable at \$0.25 expiring 28 September 2025	50.00%
Cityscape Asset Pty Ltd <Cityscape Family A/C>	Unlisted Options exercisable at \$0.25 expiring 28 September 2024	38.94%
CPS Capital Group Pty Ltd	Unlisted Options exercisable at \$0.25 expiring 28 September 2024	28.50%

3. The name of the company secretary is David Peterson.

4. The address of the principal registered office is :

Suite 1, 346 Barker Road, Subiaco, WA 6008

5. Registers of Securities are held at the following address:

Advanced Share Registry Limited, 110 Stirling Highway, Nedlands, WA 6009

6. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

ASX Additional Information – Tenement Schedule**TENEMENT SCHEDULE AS AT 30 JUNE 2021**

Project Name	Location	Tenement Licence	Interest held at 30 June 2021
Lyons River	WA	E09/1824	100%
Lyons River	WA	E09/1825	100%
Lyons River	WA	E09/2098	100%
Lyons River	WA	E09/2102	100%
Lyons River	WA	E09/2304	100%
Lyons River	WA	E09/2305	100%
Lyons River	WA	E09/2312	100%
Namban	WA	E70/4694	100%
Namban	WA	E70/4928	100%
Namban	WA	E70/5702	100%
Namban	WA	E70/5494	100%
Namban	WA	E70/5502	100%
Namban	WA	E70/5504	100%

Note: All the Tenement Licences are granted.



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