Lithium Potential Enhanced at Lyons River Project, Gascoyne Province

Lyons River Project Highlights

- **Assessment of Lyons River Project wide lithium in soil geochemical data comprising 3,856 samples highlights north-trending faults in the D5 Edmundian shear zones and the possible flow of Li-rich melts into the fault compartments in the central part of Lyons River Project.**
- **Geochemical analysis of granitic rocks demonstrates that intrusions of the Thirty Three Supersuite are present, which confirms interpretation of Edmundian deformation, and underlines prospectivity for lithium bearing pegmatites.**

Dalaroo Metals Ltd (**ASX: DAL,** "Dalaroo" or "Company") is pleased to announce a further update on the lithium potential within Dalaroo's Lyons River Project, which covers an area of 740 km^2, and is located in the Gascoyne Province of Western Australia, an emerging lithium and rare earth element hotspot (Figures 1, 2 and 5).

Dalaroo's Lyons River Project is located approximately 22km south-west of the Yinnetharra Lithium Project, where Delta Lithium Limited (ASX: DLI) has significant intersections of 29m @ 1.5% Li_2O and 36m @ 1.1% Li_2O (Refer DLI's ASX Announcement dated 4 July 2023).

Structural mapping within the Lyons River Project has identified several major shear zones, each over 30km long and 6km wide, that formed during the Neoproterozoic Edmundian Orogeny. This orogeny was the fundamental driver of deformation along the nearby Ti Tree Shear Zone, and it was responsible for the emplacement of spodumene pegmatites in the Yinnetharra District, which are now the focus of Delta Lithium's resource drilling activity.

Pegmatites emplaced during the Edmundian Orogeny are associated with granite intrusions of the Thirty Three Supersuite (TTS), and the recent mapping has confirmed that intrusive rocks of the TTS were also emplaced in the shear zones within the Lyons River Project. The TTS intrusions comprise granite stocks and granitic pegmatite (microcline-quartz-muscovite-tourmaline; photos 1a and b; Figure 2). Large pegmatite swarms have been mapped in the central part of the project area, as well in the east where they cover an area of 9km X 6km. Pegmatites[1] with width of up to 100m and strike lengths of 3km have been mapped (photo 2).

Dalaroo's Managing Director, Harjinder Kehal, commented:

"We are excited that the high order lithium soil anomalies outlined by Dalaroo highlights the control on the north-trending faults on the emplacement of Li-rich melts in the northern shear zone, in the central part of the Lyons River Project, and provides a clear focus for our current rock chip sampling program. The presence of intrusions of the Thirty Three Supersuite confirms our interpretation of the Edmundian deformation, and underlines prospectivity for lithium bearing pegmatites".

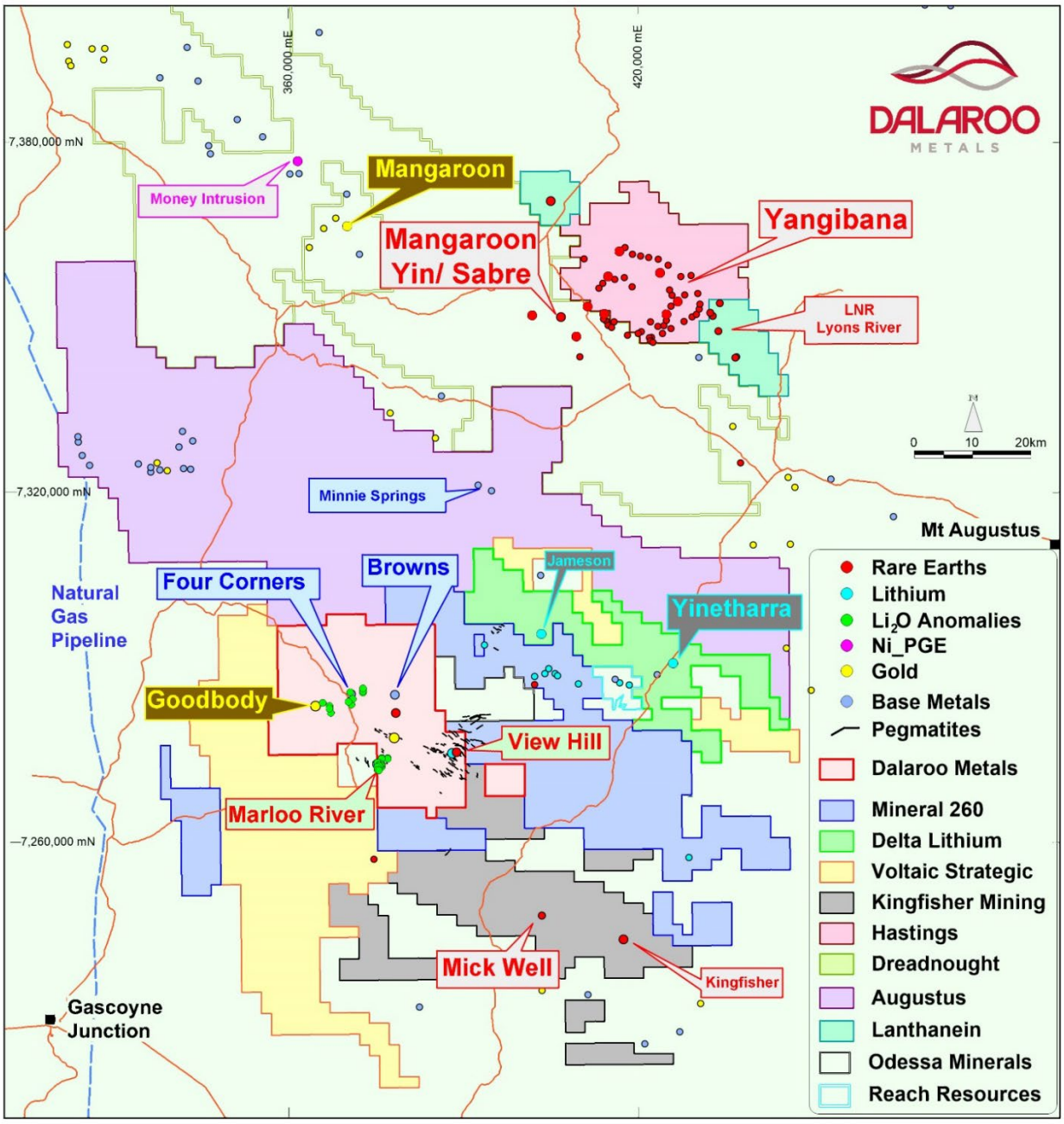

Figure 1: Dalaroo Metals, Lyons River Project in the Gascoyne Province lithium and REE companies and prospects

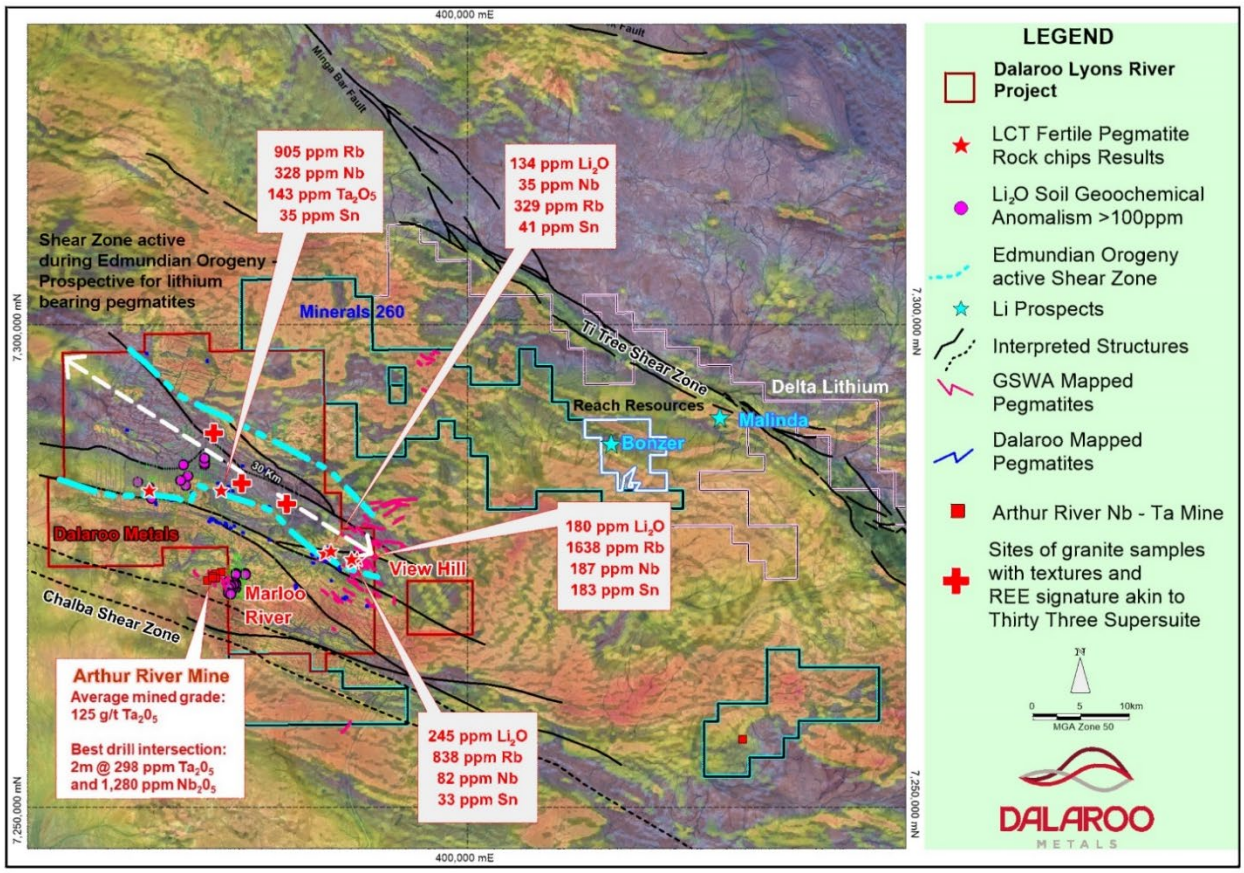

Figure 2: Lyons River Project – Major shear zone/corridor active during the Edmundian Orogeny, with potential for lithium bearing pegmatites.

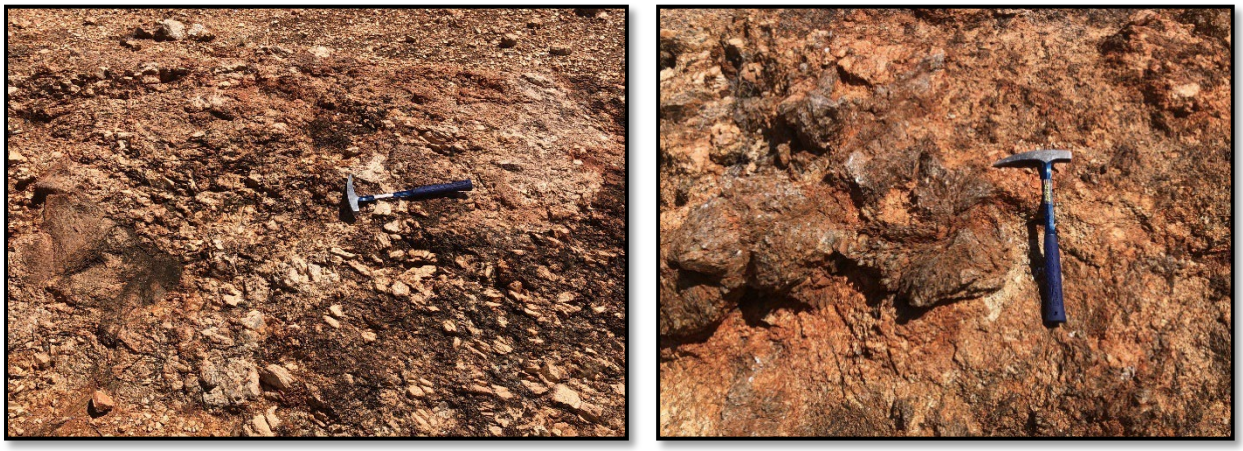

Photo 1 a: Thirty Three Supersuite pegmatites with (microcline-muscovite +/- tourmaline assemblage) and photo 1b dominated by microcline and muscovite mica "books".

Photo 2: Typical example of pegmatite outcrop at Lyons River Project.

Technical Commentary

The Neoproterozoic timing of shear-zone deformation at Lyons River is supported by the presence of granite intrusions that display rare earth element (REE) enrichment patterns identical to those of the intrusions of the Thirty Three Supersuite in the Ti Tree Shear Zone (flat, to weakly positive, chondrite-normalised profile from Gd to Lu). The presence of such granite intrusions is not unexpected, given the large number of thick, muscovite-rich, granitic pegmatite sheets at Lyons River. Importantly, many of the granitic pegmatite sheets at Lyons River are highly deformed, which again is the hallmark of major rare-metal pegmatite provinces, where the deformed sheets are considered the most likely source of melts that formed spodumene-bearing deposits in shear zones.

The structural domain map in Figure 3 shows that the effects of the Edmundian Orogeny are expressed as shear-zone strain in semi-pelite schist and mixed packages of leucogranite, migmatite, and dolerite. Strain characterization based on the measurement of mineral stretching lineations highlights the presence of a major east-west trending boundary in the project area, where in the northern part of the project the fault-bound blocks were extruded vertically upwards during shear-zone deformation, and in the south fault blocks were expelled laterally along the east-west trending shear zone. Both of these deformation zones likely generated Li-bearing melts from deformed granitic pegmatite intrusions of the Thirty Three Supersuite, which are widely distributed in both zones.

However, it is suggested that from the strain geometry and the presence of numerous north-trending faults, that flow of Li-bearing melts was likely towards the area of vertical fault-block extrusion in the northern zone. The potential for melt over-pressuring and rare-metal pegmatite formation is favoured in such a setting, and this area within the northern shear zone has the greatest exploration potential for locating spodumene pegmatites.

The gridded soil geochemical data shown in Figure 4 highlights the control of the north-trending faults on the emplacement of Li-rich melts in the northern shear zone, in the central part of Lyons River Project, and these anomalies provide a clear focus for ongoing exploration activities.

Rock chip sampling completed to date of outcropping pegmatites at View Hill has confirmed whole rock geochemistry considered highly fertile for LCT-type pegmatites (Figure 2). A pegmatite swarm that outcrops in the newly identified shear zone and across a 9km x 6km area has returned anomalous rock chip values of 245 ppm Li_2O, 1638 ppm Rb, 187 ppm Nb and 183 ppm Sn. Rock chip sampling of pegmatites, west of View Hill in the central part of Lyons River Project, has returned significant Ta_2O_5 and Nb values of 143 ppm and 328 ppm respectively with anomalous Rb of 904 ppm (ASX: DAL - See ASX: Announcement from 1 December 2022). This is indicative of highly fractionated LCT pegmatites and supports the interpretation that the shear zone/corridor is fertile, with potential for higher grade lithium at depth.

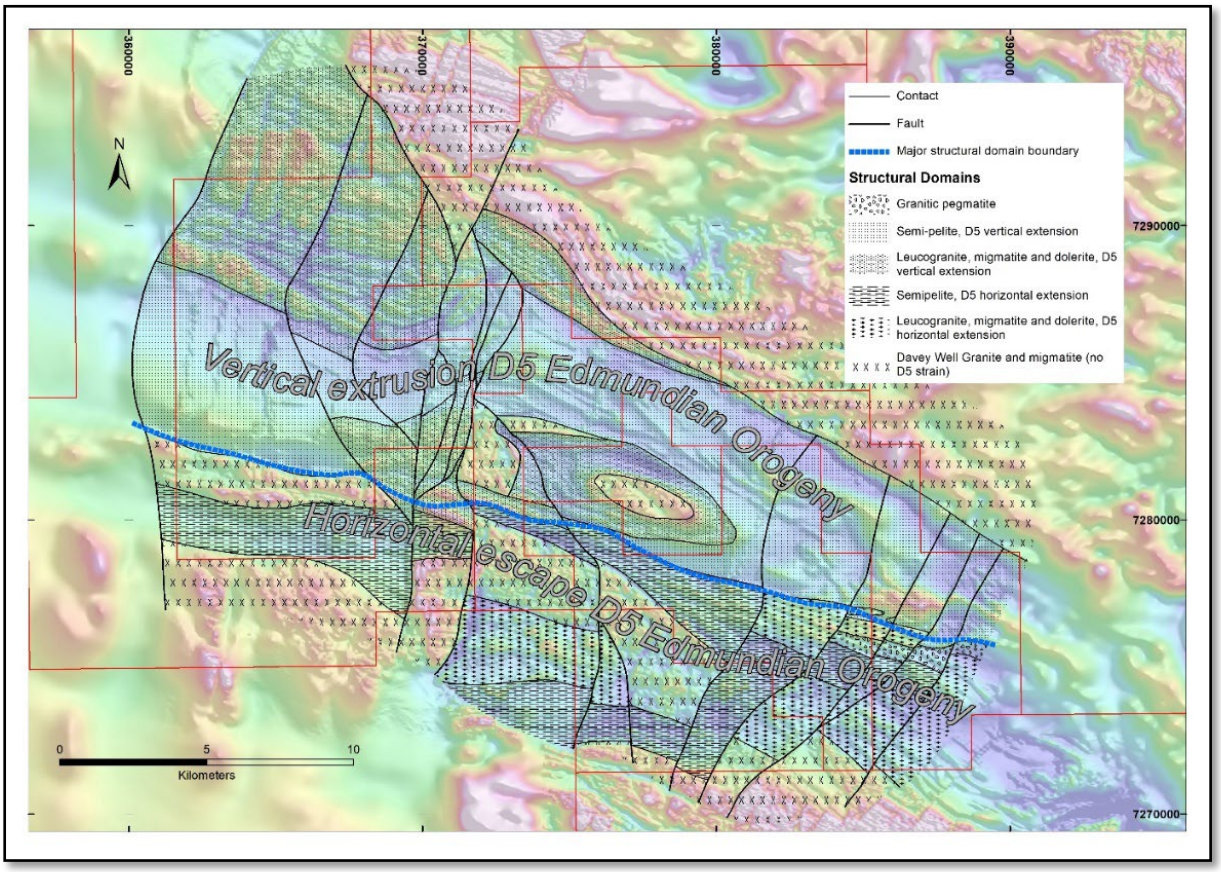

Figure 3: Lyons River Project, Structural domain interpretation map overlain on magnetics image, highlighting the presence of a major east-west trending boundary (blue line).

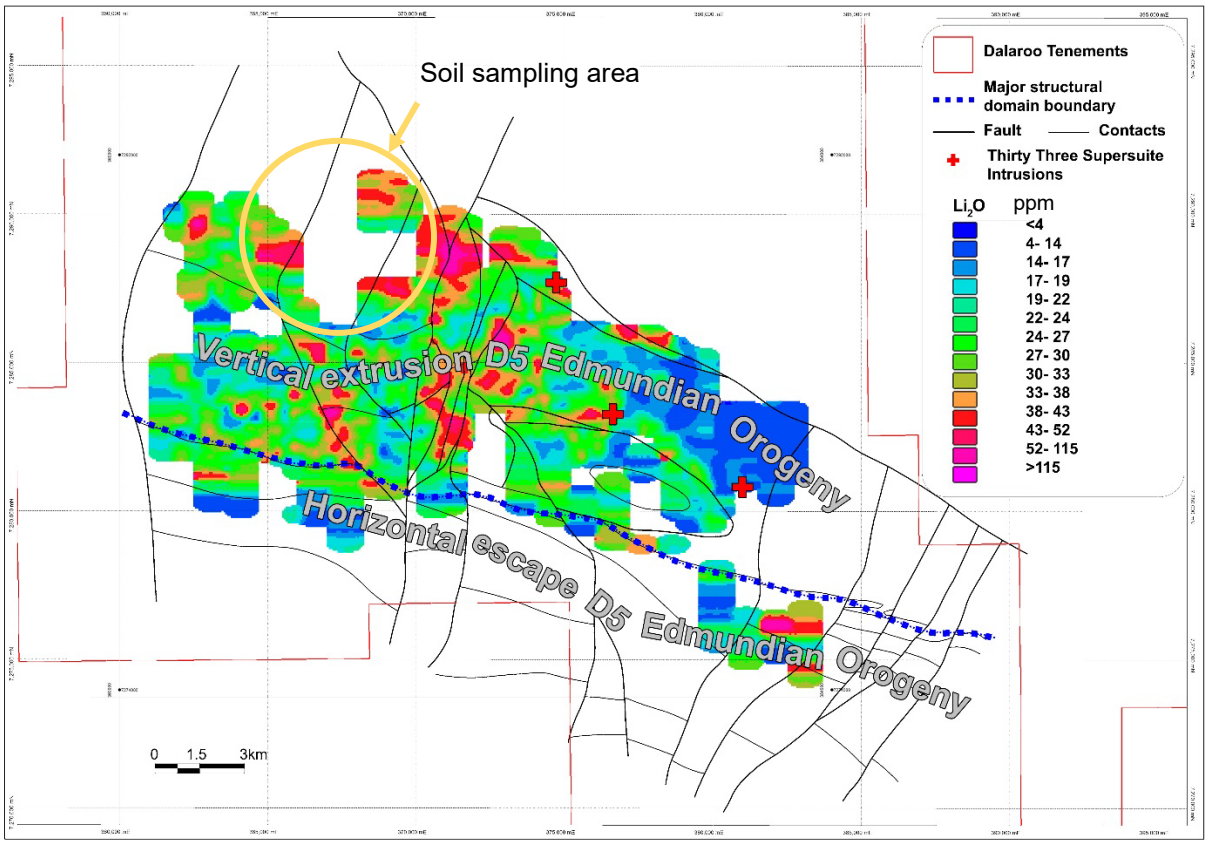

Figure 4: Structural domain map with north-south faults and significant lithium anomalism in the central part of the part of Lyons River Project.

Next Steps

Lithium Potential

A gap exists in the soil sampling over the western part of the northern zone (area shown in Figure 4), where significant lithium anomalism has been outlined. Soil sampling will be completed over this area to determine the extent of the lithium anomalism.

Current phase of pegmatite rock-chip sampling and detailed field geological mapping of the 30km strike length of the northern shear zone is well underway to outline Li bearing spodumene pegmatites expected to be completed by end of October 2023.

We expect first assay results from the rock chip sampling of the highly fertile for LCT-type pegmatites to be received from mid-October 2023 onwards. These results from the sampling program will lead to defining drill targets and locations. Drill testing will be undertaken once all approvals are in place.

ENDS

For more Information:

Please visit our website for more information: www.dalaroometals.com.au

Harjinder Kehal, Managing Director on +61 400 044 890

Authorised for release to the ASX by the Board of Dalaroo Metals Ltd.

COMPETENT PERSON

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.

FORWARD-LOOKING INFORMATION

This report may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning the planned exploration program and other statements that are not historical facts. When used in this report, the words "could", "plan", "estimate", "expect", "intend", "should" and similar expressions are forward-looking statements. Although Dalaroo believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

CAUTIONARY NOTE

The statements and information contained in this report are not investment or financial product advice and are not intended to be used by persons in deciding to make an investment decision. In releasing this report, Dalaroo has not considered the objectives, financial position or requirements of any particular recipient. Accordingly, potential investors should obtain financial advice from a qualified financial advisor prior to making an investment decision.

[1]The identification of pegmatites in the mapping completed to date does not imply the presence of lithium mineralisation. The presence of any lithium mineralisation will be determined by drilling and laboratory analyses.

About the Lyons River Project

Lyons River Project is located approximately 1,100km north of Perth and approximately 220km to the north-east of the coastal town of Carnarvon, Western Australia (Figure 5). It lies within the Mutherbukin Zone of the Gascoyne Province, which is the deformed and high-grade metamorphic core zone of the early Proterozioc Capricorn Orogen an emerging lithium and rare earth element hotspot.

The Project comprises approximately 740km^2 of the Durlacher Super Suite and Halfway Gneiss, transected by major NW-trending shear zones. This same stratigraphy and comparable structural setting hosts significant REE deposits nearby to the north, at the Hastings Technology Metals Yangibana and Dreadnought Resources Mangaroon projects, and to the south at Kingfisher Mining's Mick Well Project (Figure 5).

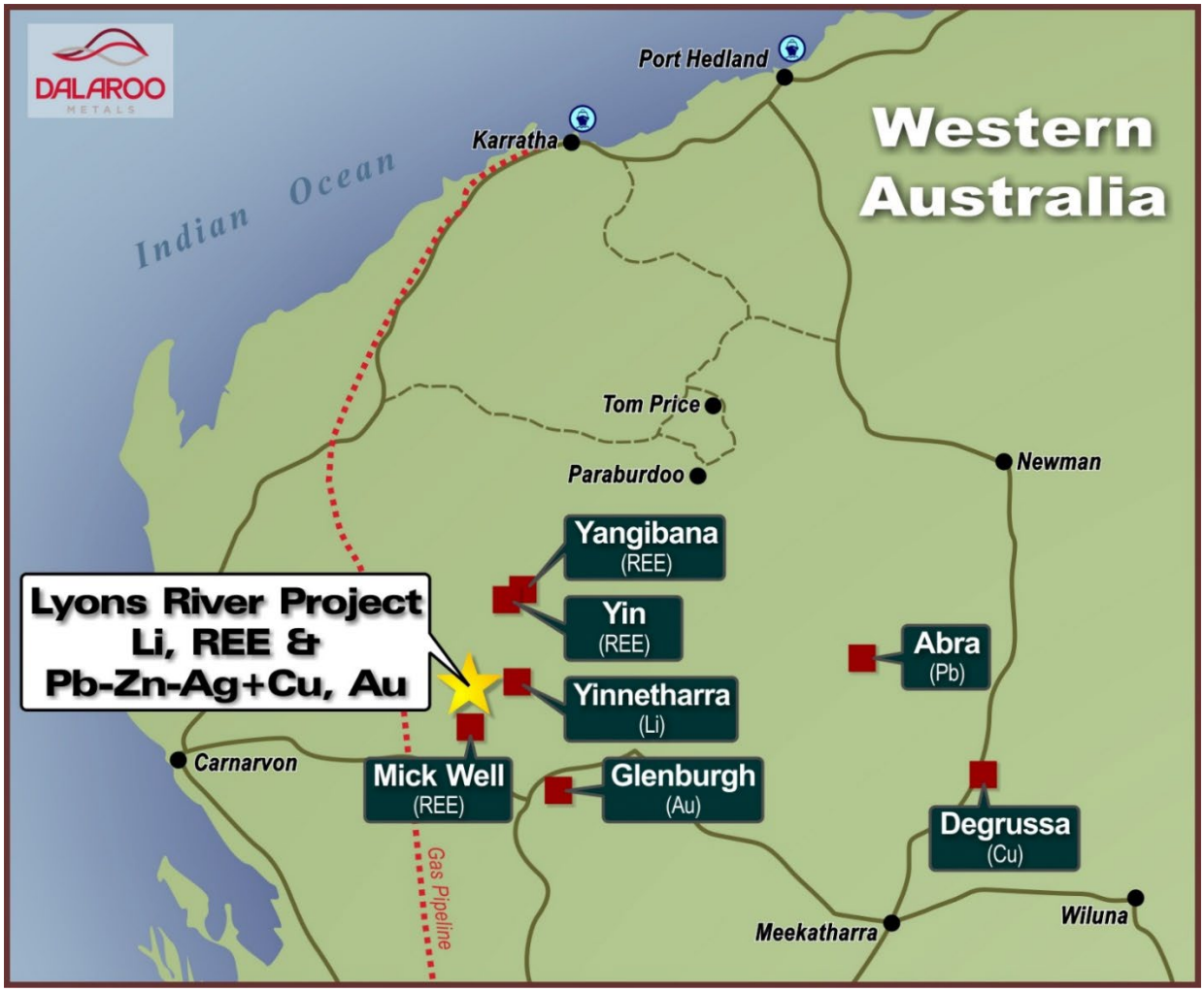

Figure 5: Lyons River Project location diagram

Appendix 1: Dalaroo Metals Ltd – Lyons River Project – JORC Code Edition 2012: Table 1

Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld x-ray fluorescence (XRF) instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report.* *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	Soil and rock chip sampling. Soil samples are generally homogenised by the collection process. Entire sample was submitted for sample prep and assay. Rock chip samples were taken as individual rocks representing an outcrop to give an indication of their mineral and elemental composition. For soil sampling, at the selected sample site, a small hole is dug to a depth of approximately 20 cm. The soil material at the base of the hole was sieved, and approximately 2kg of –2mm soil material was collected into a numbered calico bag. Rock chip sampling completed across a lithology, in a channel fashion, to obtain representative material, with sample size of 1-4 kg. Soil and rock chip sampling results are a first pass exploration technique that can assist in vectoring toward mineralisation.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	No drilling results reported.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	No drilling results reported.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	No drilling results reported.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	No drilling results reported.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Sample type and landform/regolith settings were recorded, and geo-tagged photos of samples and settings taken.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	No drilling results reported.
	The total length and percentage of the relevant intersections logged.	
Subsampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Soil samples were sieved to collect the -2 mm fraction.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Representative rock samples were collected. All samples were dry.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation of samples follows industry best practice standards and is conducted by internationally recognized laboratories; i.e Oven drying, jaw crushing and pulverising so that 90% passes -75 microns.
	Quality control procedures adopted for all subsampling stages to maximise representivity of samples.	There was no sub-sampling.
	Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.	Soil sampling completed on a regular grid line spacings to ensure representative sampling of area being assessed.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Entire rock sample was submitted for multi-element assay and sample size is considered appropriate for the material being sampled. Entire soil sample submitted for assay and sample size is considered appropriate for the material being sampled.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	Soil and rock samples have been submitted to Bureau Veritas Laboratories for analysis by 4-Acid Digest - 0.2g Samples analysis and determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry and Inductively Coupled Plasma (ICP) Mass Spectrometry. Li_2O is derived by multiplying Li by 2.153. Ta_2O_5 is derived by multiplying Ta by 1.2211
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	Anomalous geochemical thresholds were determined by a senior geologist and consultant. None drilled. All field data was manually collected, entered into excel spreadsheets, validated and loaded into Access database and processed by a number of different exploration software. None required
Location of data points	*Accuracy and quality of surveys used to locate drillholes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	All samples collected are located using a handheld GPS. Grid system used for geochemical sampling is GDA94 Zone 50 For geochemical sampling nominal RLs based on regional topographic data sets and handheld GPS.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	Soil sampling on 1000m and 500m X 100m spacing based on geology/structural framework. Rock samples collected within a defined regional structural corridor. MRE not being reported.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Soil sample lines were orientated approximately perpendicular to the geological strike and strike of the interpreted major structures. Given the topography and early stage of exploration, the sampling orientation is not considered to introduce a bias to the interpretation of the data. Rock chip sampling was of a reconnaissance nature only and was not designed to achieve unbiased sampling.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No drilling results reported.
Sample security	*The measures taken to ensure sample security.*	Samples were collected into labelled polyweave sacks which were sealed by cable ties. The polyweave sacks were placed in bulka-bags and transported to the laboratory by freight company. Once the samples arrived at the laboratory, the samples numbers were checked against the sample submission form and no errors were identified.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	As part of the interpretation of the data the Company's geologist and consultants undertook a review of the assay data quality, including laboratory batch effects. No significant biases were identified.

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The Lyons River Project tenements are wholly owned by Dalaroo Metals Limited ("Dalaroo") The Project is located 220km north-east of Carnarvon on Eudamullah, Lyons River and Bidgemia Pastoral stations. The Competent Person is unaware of any impediments to development of these tenements.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Exploration of Lyons River has previously been undertaken by other parties including Audalia Resources and Serena Minerals and the Competent Person has referenced the parties involved and the results of this work throughout the text. Audalia Resources and Serena Minerals undertook exploration with a focus on base metals during the period 2013 to 2021. Work completed regional geological mapping, geophysical surveys, rock chip sampling, stream sediment sampling and soil sampling.
Geology	*Deposit type, geological setting, and style of mineralisation.*	The tenements are located in the Mutherbukin zone of the Gascoyne Province. The majority of the tenement area is interpreted to be dominated by a sequence undifferentiated schists, gneiss and granites of the Durlacher Suite (Davey Well Granite) and Thirty Three Supersuite granitic pegmatites
Drillhole information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:* • *easting and northing of the drillhole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	No drillholes are reported. The plan provided in the body of the report identifies the location of the geochemical sampling sites.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.* *If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').*	No mineralisation widths have been reported.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views.*	Appropriate maps displaying all the data points and anomalous values are provided in the body of the report.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The reporting of exploration results is considered balanced by the competent person.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	No other exploration to report.

Criteria	JORC Code explanation	Commentary
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Appropriate plans for further work are provided in the body of the report.