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DALAROO METALS LTD
ABN 23 468 476 699

Financial Statements
For the Period Ending 31 May 2021

Dalaroo Metals Ltd.
ABN 23 648 476 699

Directors Declaration

In the opinion of the Directors:

- the attached financial statements and notes comply with the Accounting Standards and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 May 2021 and of its performance for the period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Director: Harjinder Kehal

Dated this 6th day of September 2021

Dalaroo Metals Ltd.
ABN 23 648 476 699

Statement of Financial Position
As at 31 May 2021

	Note	\$
Current Assets		
Cash	5	413,600
Other Receivables		2,400
Total Current Assets		<u>416,000</u>
Non Current Assets		
Exploration and Evaluation assets	12	960,635
Total Non-Current Assets		<u>960,635</u>
Total Assets		<u>1,376,635</u>
Liabilities		
Current Liabilities		
Borrowings	13	2,069
Trade Creditors and Accruals	6	30,635
Total Current Liabilities		<u>32,704</u>
Total Liabilities		<u>32,704</u>
Net Assets		<u>1,343,931</u>
Equity		
Issued Capital	9	1,346,002
Accumulated Losses		(2,071)
Total Equity		<u>1,343,931</u>

This statement is to be read in conjunction with the Notes to the Financial Statements.

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Statement of Profit or Loss and Other Comprehensive Income
For the period ending 31 May 2021

	Note	\$
Revenue		<u>-</u>
Other Expenses		(2,071)
Profit (Loss) before income tax from continuing operations		<u>(2,071)</u>
Income tax expense(benefit) for the period	4	-
Profit(Loss) for the period after income tax from continuing operations		<u>(2,071)</u>
Other comprehensive income		-
Total comprehensive profit(loss) for the period		<u><u>(2,071)</u></u>

This statement is to be read in conjunction with the Notes to the Financial Statements.

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Statement of Changes in Equity
For the Period ending 31 May 2021

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at the start of the period	-	-	-
Comprehensive profit(loss) for the period	-	(2,071)	(2,071)
<i>Contributions with owners in their capacity as owners:</i>			
Shares and options issued during period	1,370,002	-	1,370,002
Costs of share issue	(24,000)	-	(24,000)
Balance at the end of the period	1,346,002	(2,071)	1,343,931

This statement is to be read in conjunction with the Notes to the Financial Statements.

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Statement of Cash Flows
For the Period ending 31 May 2021

	Note	\$
Cashflows from Operating Activities		
Payments to suppliers and employees		(2,400)
Cash (Used in) / Provided by operating activities	7	<u>(2,400)</u>
Cashflows from Financing Activities		
Proceeds from share and option issues	9	440,000
Costs of share issue	9	(24,000)
Cash (Used in) / Provided by financing activities		<u>416,000</u>
Net Increase/(decrease) in cash		413,600
Cash at the beginning of the period		-
Cash at the end of the period	5	<u>413,600</u>

This statement is to be read in conjunction with the Notes to the Financial Statements.

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Notes to the Financial Statements
For the Period ending 31 May 2021

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES:

(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) Going Concern

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the normal course of business. The ability of the Company to continue its planned activities and maintain its going concern status is dependent on being able to raise additional funds as required.

Should the Company be unable to raise the amount of funding required, there is material uncertainty that the Company will be able to continue as a going concern, and therefore whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

(c) Mineral Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is written off as incurred. Tenement acquisition costs 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

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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.

(d) 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.

(e) 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.

(f) 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

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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.

(g) 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.

(h) 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.

(i) 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.

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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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

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

(o) 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.

(p) Comparative Information

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

(q) Rounding

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

NOTE 2: 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

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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 3: OPERATING SEGMENTS

Identification of reportable operating segments

The Company is organised into one operating segment, being mining exploration operations within Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Given the nature of the company's operations at 31 May 2021, the company had no major customers.

NOTE 4: INCOME TAX EXPENSE

Reconciliation of income tax expense and tax at the statutory rate

	\$
Comprehensive loss from ordinary activities	(2,071)
Prima facie tax at the statutory rate of 26%	(538)
<i>Tax effect of amounts which are not deductible(taxable) in calculating taxable income:</i>	
Deferred tax assets not recognized	538
Income Tax Expense	-

NOTE 5: CASH AND CASH EQUIVALENTS

	\$
Cash at bank	413,600

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Notes to the Financial Statements
For the Period ending 31 May 2021

NOTE 6: TRADE CREDITORS AND ACCRUALS

	\$
Accruals	30,635

NOTE 7: CASHFLOW RECONCILIATION

Reconciliation of cashflows from operating activities to Comprehensive loss after income tax is as follows:

	\$
Total comprehensive loss after tax	(2,071)
<i>Non-cash items:</i>	
Expenses paid by third parties	2,071
<i>Movements in assets/liabilities:</i>	
(Increase)Decrease in other current assets	(2,400)
Cash used in Operating Activities	(2,400)

NOTE 8: NON CASH FINANCING AND INVESTING ACTIVITIES

During the period, the company issued 22,999,998 ordinary shares and 8,000,000 unlisted options in consideration for the acquisition of mineral tenements from Serena Minerals Limited, Shenton Resources Limited and Slambam Enterprises Pty Ltd. Refer to notes 9 and 12 for further information.

NOTE 9: ISSUED CAPITAL

Ordinary Shares

	\$	Number
Ordinary shares fully paid at start of period	-	-
Shares issued on incorporation	2	2
Shares issued for seed capital	440,000	6,000,000
Shares issued for tenement acquisitions (Note 12)	930,000	22,999,998
Cost of ordinary share issues	(24,000)	-
Ordinary shares fully paid at 31 May 2021	1,346,002	29,000,000

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Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid up on the shares held. The fully paid ordinary shares have no par value. On a show of hands, every member present at a meeting in person or in proxy have one vote and upon a poll each share shall have one vote.

Unlisted Options

	\$	Number
Unlisted Options on issue at start of period	-	-
Unlisted options issued for tenement acquisitions (Note 12)	-	8,000,000
Unlisted Options at 31 May 2021	-	8,000,000

Capital risk management

The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may return capital to shareholders, issue new shares or sell assets to reduce debt. The company would look to raise capital when an opportunity to invest in a business or company was seen as value adding at the time of the investment.

NOTE 10: FINANCIAL INSTRUMENTS

Financial risk management objectives

The company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits.

Market risk

The company's exposure to foreign currency risk, price risk and interest rate risk at 31 May 2021 was not considered to be material due to the nature and extent of its current activities.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company's exposure to credit risk at 31 May 2021 was not considered to be material. The maximum exposure to credit risk at the reporting date to recognised financial assets

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For the Period ending 31 May 2021

is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The company does not hold any collateral.

Liquidity risk

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. The company manages liquidity risk by maintaining adequate cash reserves by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. At 31 May 2021, the company had no unused financing facilities available. The following table details the company's remaining contractual maturity for its financial instrument liabilities:

31 May 2021	Weighted average interest rate %	1 year or less \$	Remaining contractual liabilities \$
Non-derivatives			
<i>Non-interest bearing</i>			
Trade payables and accruals	-	30,635	30,635
Related Party borrowings	-	2,069	2,069
Total non-derivatives		<u>32,704</u>	<u>32,704</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 11: KEY MANAGEMENT PERSONNEL DISCLOSURES

Identification of Directors

During the period from the date of incorporation to 31 May 2021, the following persons were directors of the Company:

- David Quinlivan
- Harjinder Kehal
- Robert Beeck

Compensation

The aggregate compensation paid or payable to directors and other members of key management personnel of the company during the period was nil.

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Notes to the Financial Statements
For the Period ending 31 May 2021

NOTE 12: EXPLORATION AND EVALUATION ASSETS

	\$
Opening balance at start of period	-
Acquisition of tenements - at fair value	930,000
Acquisition related costs – stamp duty accrual	30,635
Closing balance at 31 May 2021	<u>960,635</u>

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 (Refer to Note 9). 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	<u>22,999,998</u>	<u>8,000,000</u>

For 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 secondary method considered was a cost approach, which determines the technical valuation of exploration potential of mineral properties.

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

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Notes to the Financial Statements
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NOTE 13: CURRENT BORROWINGS

	2021 \$
Unsecured borrowings from director related entities	2,069
Comprises:	
Amounts owing to Shenton Resources Limited (i)	458
Amounts owing to Serena Minerals Limited (ii)	1,611
	<u>2,069</u>

- (i) *Robert Beeck is a Director of Shenton Resources Limited*
(ii) *David Quinlivan, Harjinder Kehal and Robert Beeck are Directors of Serena Minerals Limited.*

Amounts owing to related entities are unsecured, interest free and are at call.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 14: COMMITMENTS

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 which have not been provided for in the financial statements and which cover the following twelve month period, amount to \$716,500. The minimum exploration commitments are in relation to tenements acquired from Serena Minerals Limited, Shenton Resources Limited and Slambam Enterprises Pty Ltd. Refer to Note 12.

Other than the above, there were no commitments at 31 May 2021.

NOTE 15: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets or contingent liabilities at 31 May 2021.

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Notes to the Financial Statements
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NOTE 16: REMUNERATION OF AUDITORS

During the period the following fees were paid or payable for services provided by Crowe Perth, the auditor of the company:

	2021
	\$
Audit of the 31 May 2021 financial report	5,500
Non-audit services	-
	<hr/> <u>5,500</u>

NOTE 17: ULTIMATE PARENT ENTITY

Following the issue of ordinary shares to Serena Minerals Limited (refer to Note 12), Serena Minerals Limited held 40% of the issued capital of the Company at 31 May 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 ultimate parent entity of the Company.

NOTE 18: SUBSEQUENT EVENTS

The Company is currently preparing a prospectus which is to be lodged as part of its admission to the Australian Securities Exchange ("ASX").

No other matter of circumstance has arisen since the 31 May 2021 that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

NOTE 19: DOMICILE AND LEGAL FORM

The company is an unlisted public company domiciled in Australia.

The company's principal place of business is:
Suite 1, 346 Barker Road
SUBIACO WA 6004

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 31 May 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, 6 September 2021

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

Opinion

We have audited the financial report of Dalaroo Metals Limited (the Company), which comprises the statement of financial position as at 31 May 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, including a summary of significant accounting policies, and the Directors Declaration.

In our opinion, the accompanying financial report of the Company:

- (a) gives a true and fair view of the Company's financial position as at 31 May 2021 and of its financial performance and cash flows for the period then ended; and
- (b) complies with Australian Accounting Standards.

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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report. As stated in Note 1, the conditions outlined indicate that a material uncertainty exists that may cast doubt over the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

A separate financial report for the Company has also been prepared for the period ended 31 May 2021 under a special purpose framework, which was audited by Crowe Perth. This audit report expressed an unmodified opinion but included a "material uncertainty related to going concern" as well as an Emphasis of Matter paragraph alerting users that the financial report was prepared in accordance with a special purpose framework. The audit report was issued on 10 August 2021.

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 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with 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. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 report represents 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 directors with a statement that we have complied with the relevant ethical requirements, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Crowe Perth



Cyrus Patell
Partner

Dated this 6 September 2021