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DALAROO METALS LTD
ABN 23 648 476 699

INTERIM FINANCIAL REPORT
For the Half -Year Ended 31 December 2023

DALAROO METALS LTD
ABN 23 648 476 699

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DALAROO METALS LTD
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CORPORATE DIRECTORY

Directors	David Quinlivan – Non Executive Chairman Robert Beeck – Non Executive Director Harjinder Kehal – Managing Director
Company secretary	John Arbuckle
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 24, 77 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. Home exchange: 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.

DALAROO METALS LTD
ABN 23 648 476 699

DIRECTORS' REPORT

The Directors present their interim report of Dalaroo Metals Ltd (**Dalaroo or the Company**) for the half-year ended 31 December 2023.

DIRECTORS

The following persons were Directors of Dalaroo during the whole of the period and up to the date of this report, (unless otherwise stated):

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

COMPANY SECRETARY

John Arbuckle

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial period was mineral exploration for resources at the Company's Namban and Lyons River projects located in Western Australia which are prospective for Pb-Zn-Cu-Ag, Au, REE and PGE-Ni-Cu-Au deposits respectively.

REVIEW OF OPERATIONS

Dalaroo's Lyons River Project comprises a strategic (100% owned) land position of 838km² within the Proterozoic Mutherbukin Zone of the Gascoyne Province, Western Australia. Lyons River is prospective for, BHT type mineralised base metals (Pb-Zn-Ag-Cu), vein/shear related gold, REE and lithium deposits (Figure 1).

Base metals

High grade copper assay results of 54.8% coupled with silver grades of 80g/t have been returned from rock chip sampling program over the expanded 3.5km X 2km Browns base metal prospect (Figure 2). Gossanous outcrops sampled to the east of the AC drilled area at Browns have returned lead (Pb) values of up to 0.53% complemented by anomalous zinc (1140ppm) and copper (420ppm) at the Lyons River Project (Refer DAL ASX Announcements from 31 October 2023). Copper assays of 1.64% have also been recorded from rock chip sampling previously completed at the Four Corners prospect located 5km to the west of Browns (Refer DAL ASX Announcements from 16 March 2022) (Figure 9).

Previous historical shallow RC drill program in 2008 at Four Corners returned an intersection of 3m @ 0.50% Cu including 1m @ 0.92% Cu from 56m, with mineralisation associated chalcopyrite (Refer DAL ASX Announcements from 16 March 2022). Copper assay results from rock chip sampling both Browns and Four Corners prospects are accompanied by silver assays of 80g/t and 21.5g/t respectively.

Gold

Gold mineralization in outcropping quartz veins at the Goodbody West Prospect has been bolstered by recent results from further systematic sampling. Infill soil sampling has outlined robust gold in soil anomalies with peak gold values of 132 ppb Au at Goodbody West, 93ppb Au at Goodbody Central and 50ppb Au at Goodbody East, complemented by outcropping, mineralized, gold-rich quartz veins. The footprint of the gold mineralized rock-chips within the broader Goodbody Prospect lie within a broader, 6km long, gold in soil anomaly at 2ppb threshold (Figures 3 and 4). (Refer DAL ASX Announcements from 8 November 2023).

At Goodbody infill and close spaced systematic soil sampling completed has defined the following:

- Goodbody West gold in soil anomaly above 10ppb Au has been defined over a **strike length of 450m.**
- Goodbody Central gold in soil anomaly above 10ppb Au has been defined over a **strike length of 300m.**
- Goodbody East gold in soil anomaly above 10ppb Au has been defined over a **strike length of 500m.**

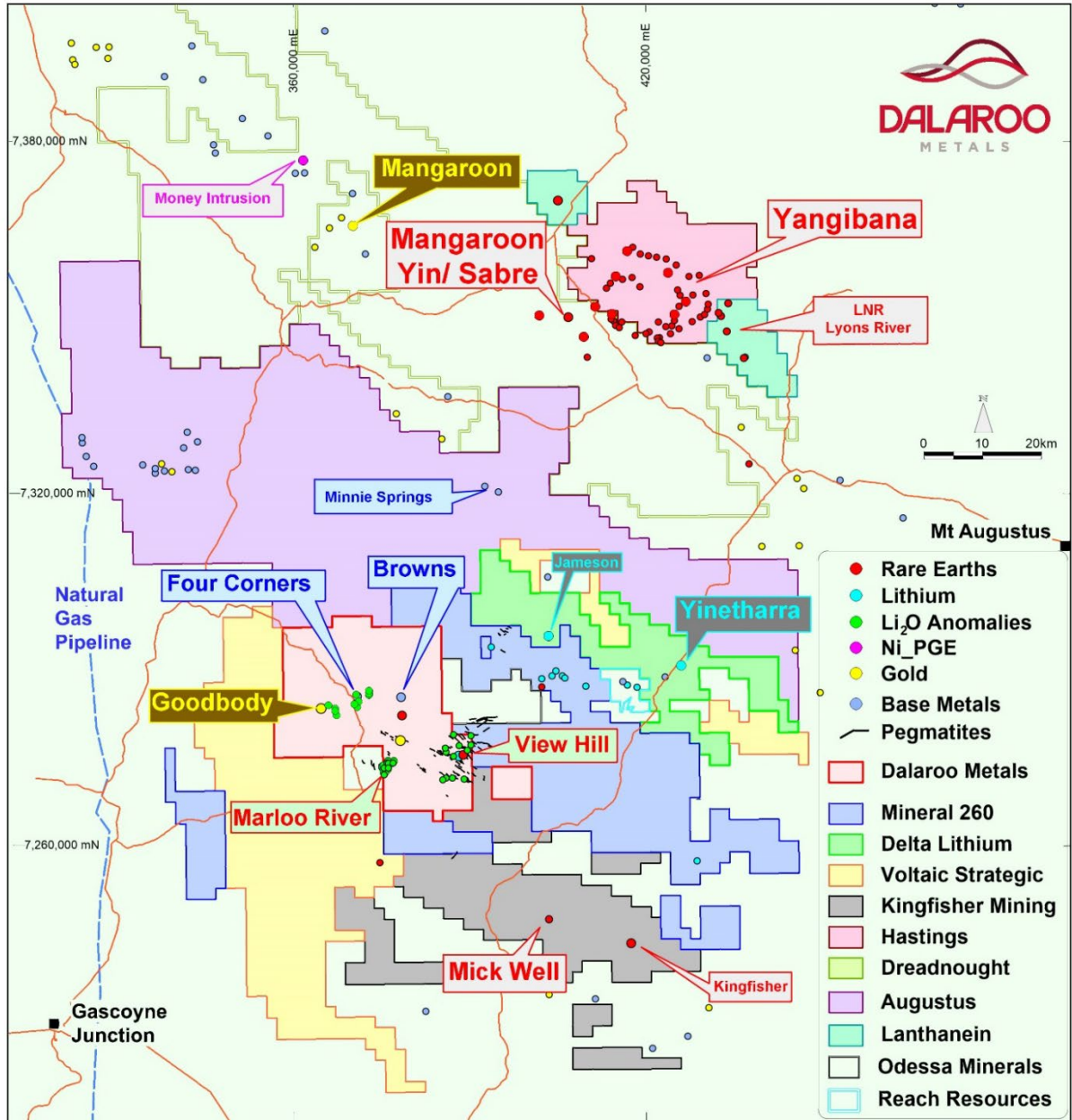


Figure 1: Dalaroo Metals, Lyons River Project in the Gascoyne Province REE and lithium neighbouring companies and prospects

The sampled quartz veins are typically 5-30cm thick and are comprised of mainly quartz with minor biotite and locally, ferruginous oxide phases. They form sub-parallel to the pervasive structural fabric within foliation planes and commonly contain internal breccia zones consisting of Fe-oxide and silica-rich matrices, surrounding fragmented quartz vein clasts. The samples were composed of either vein material, the adjacent wall rocks, or a combination of both. At Goodbody West, gold concentrations including 1.42g/t, 1.70g/t and 5.52g/t (Figure 3) have been returned from Dalaroo's sampling of a particular set of quartz veins, hosted within a metasedimentary rock package comprising pelitic schist, siliceous chert, ironstone and BIF-style units. Historic rock chip sampling of quartz veins in this area returned up to 6.25g/t Au. In the Goodbody Central target area, pelitic schists are the dominant host rocks but zones of iron-oxide-rich, siliceous vein breccias and quartz-biotite-altered wall rocks are also prevalent (e.g. sample 230105_23, 0.48g/t Au). (Refer DAL ASX Announcements from 1 February 2023).

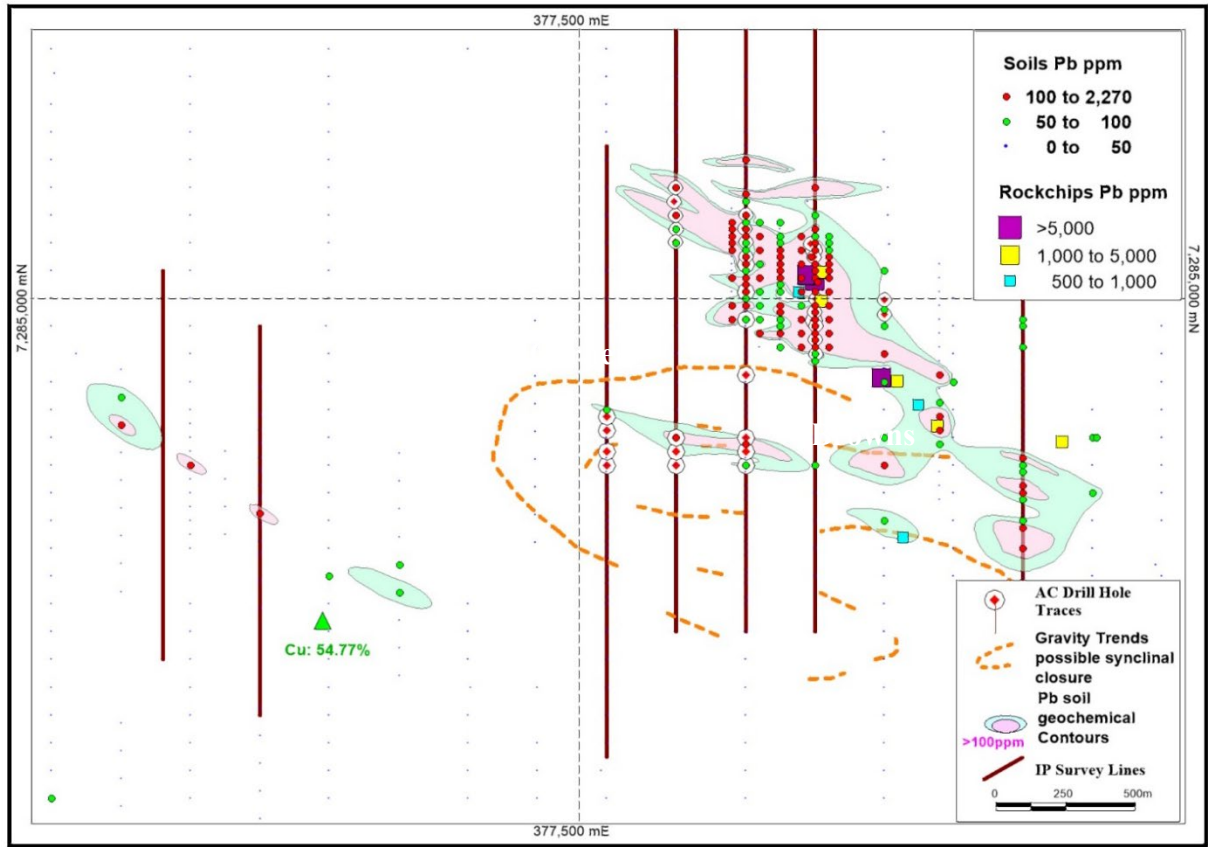


Figure 2: Browns prospect, Pb soil geochemical anomalies (previously reported) and Pb rock chip sample assays, high-grade copper rock chip sample location and proposed Induced Polarisation survey lines

It is noted that high-tenor soil anomalies and multiple rock-chip assays up to 5.52g/t Au (5520 ppb Au) associated with the Goodbody West, Central and East targets spatially coincide with intersections between interpreted WNW and NNE-trending structures (Figures 3 and 4). Such structural intersection zones represent potential zones of intensified deformation, that may be associated with favourable sites of hydrothermal fluid movement and gold mineralization. As such, the Goodbody gold targets are considered high priority for follow-up exploration work. (Refer DAL ASX Announcements from 28 November 2022 and 1 February 2023).

Turbo Well

A new gold target has been defined at Turbo Well with gold-in-soil anomalism extending over a strike length of 2km, adjacent to a regional ESE structural trend (Figure 4). A peak value of 47ppb Au is defined from results of both historical soil sampling and follow-up sampling by Dalaroo this year (Refer DAL ASX Announcements from 8 November 2023).

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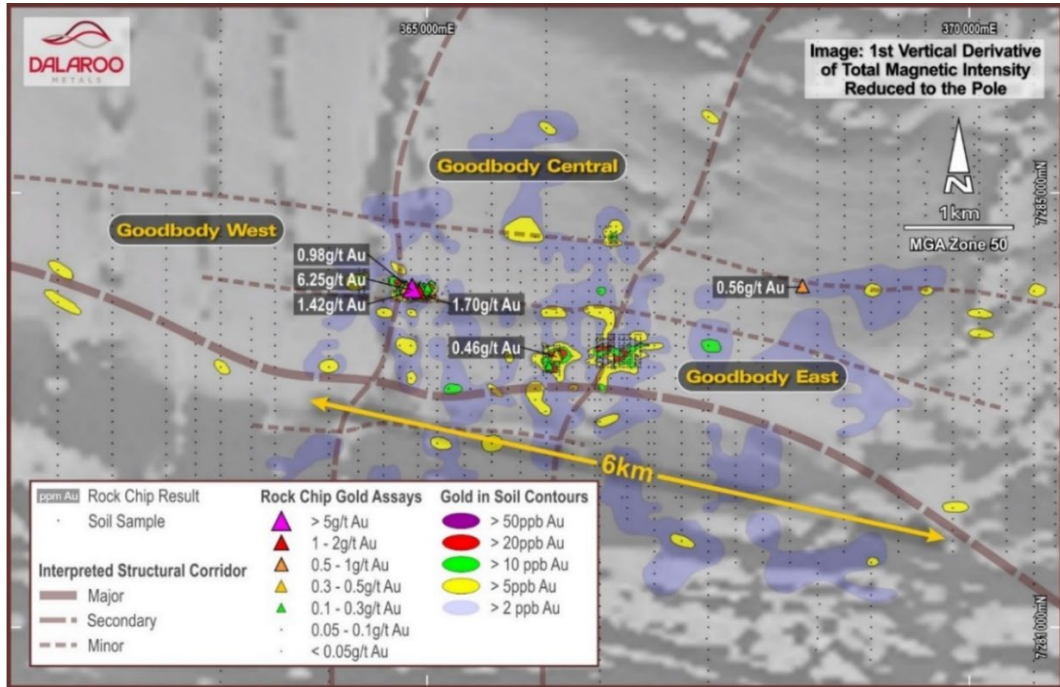


Figure 3: Location of recent rock chip samples within the Goodbody gold prospect area and soil geochemical anomalies. Overlaid on greyscale Total Magnetic Intensity (TMI)1VD basemap imagery

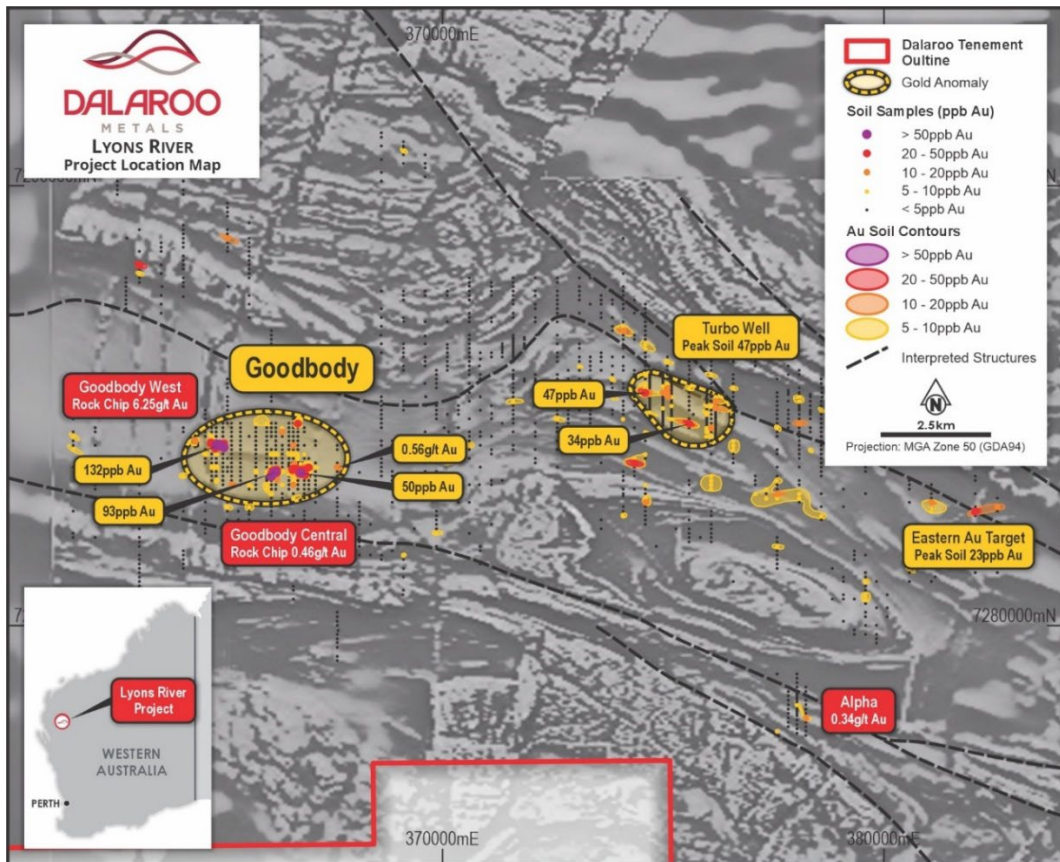


Figure 4: Location of Goodbody prospect in relation to additional gold prospects and interpreted regional structures within Lyons River Project area. Overlaid on greyscale Total Magnetic Intensity (TMI) 1VD base map

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Lithium

Assessment of Lyons River Project wide lithium in soil geochemical data comprising 3,856 samples highlighted 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 (Figure 5).

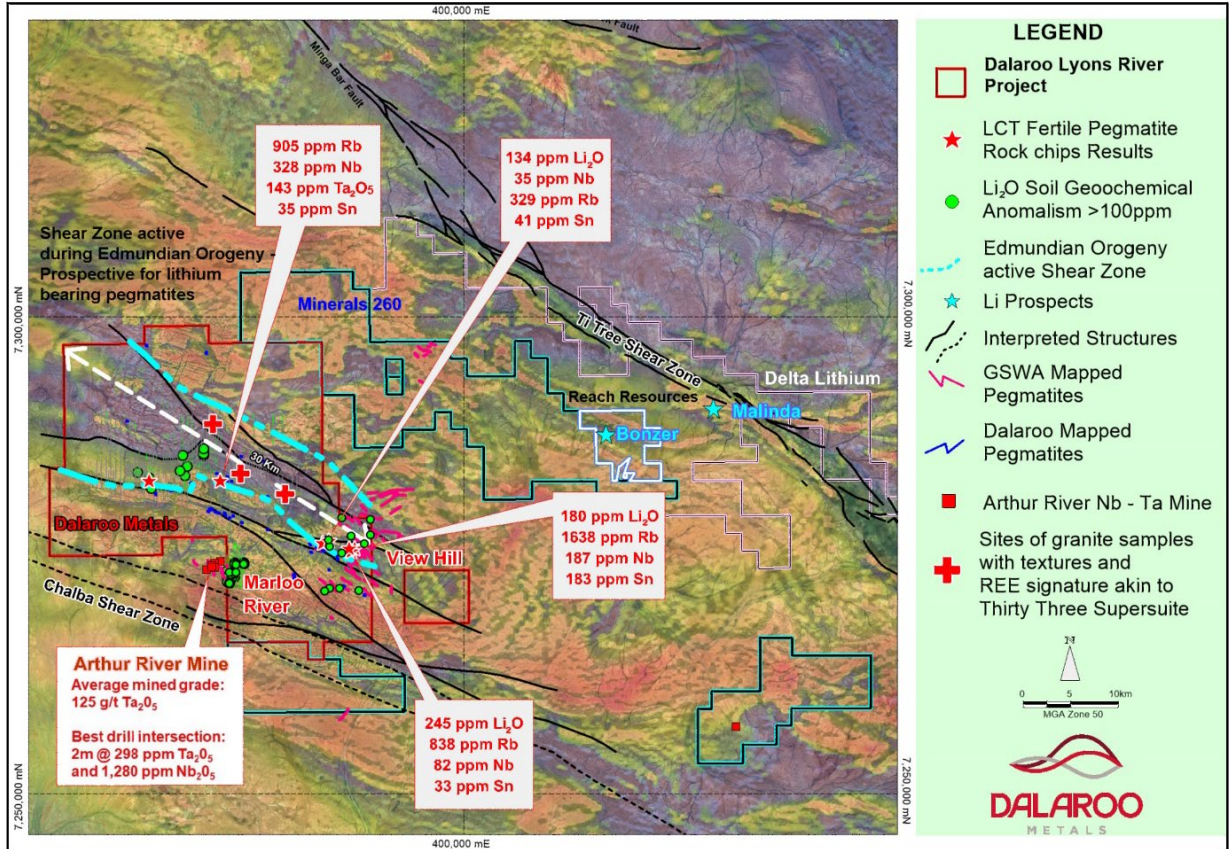


Figure 5: Lyons River Project – Major shear zone/corridor active during the Edmundian Orogeny, with potential for lithium bearing pegmatites

A total of 813 soil samples were collected. One of the lithium targets (3km long and 0.5km wide) had a peak value of 334 ppm Li₂O and is comparable to lithium anomalism obtained by Dalaroo’s neighbours (Refer M16 ASX Announcement dated 25 July 2023 and 10 October 2023). Importantly, the lithium targets lie within the large pegmatite cluster measuring 9km X 6km in the eastern part of the project, where pegmatites up to 100m wide and 3km long have been mapped. The significant lithium anomalism outlined to date remains open to the south, west and east (Figures 6 and 7). Exploration was tracked to complete rock chip sampling over View Hill and at other lithium anomalies to define spodumene-bearing pegmatites with drill planning in progress.

In November 2023, Dalaroo executed a binding agreement (**Sale Agreement**) with Delta Lithium Limited (**ASX: DLI** or **Delta Lithium**) to sell the rights to lithium, caesium and tantalum minerals (**Lithium Minerals**) at its Lyons River Project (**Lithium Mineral Rights**). The consideration of \$1,000,000 for the transaction comprised \$500,000 in cash and \$500,000 of DLI ordinary shares. In addition to the consideration, Delta Lithium must expend a minimum of 50% of the annual statutory expenditure requirements on the Lyons River Project tenements (a commitment of \$280,000 per annum at the date of the Sale Agreement) for a period of 3 years from Completion. The Company will still retain ownership of the Lyons River Project tenure (Table 1) and hold rights to all other metals and minerals apart from the Lithium Minerals (Refer DAL ASX announcement dated 1 December 2023).

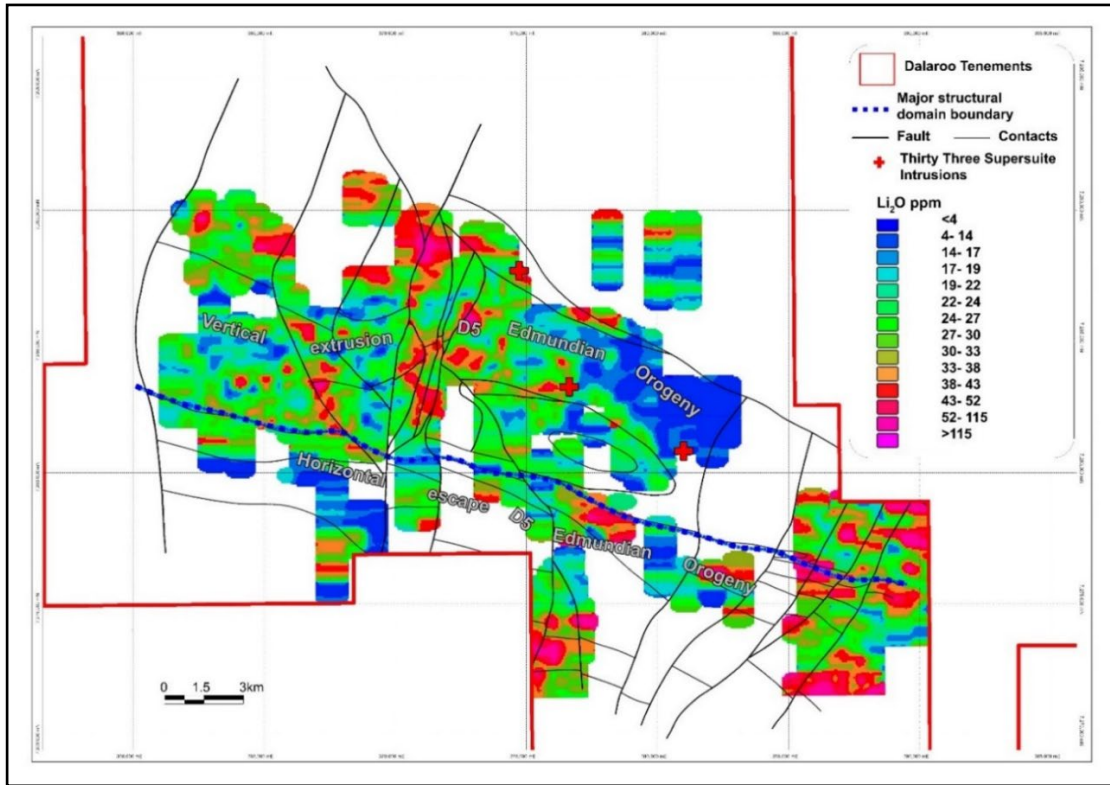


Figure 6: Structural domain map with north-south faults and significant lithium targets outlined at View Hill Lyons River Project

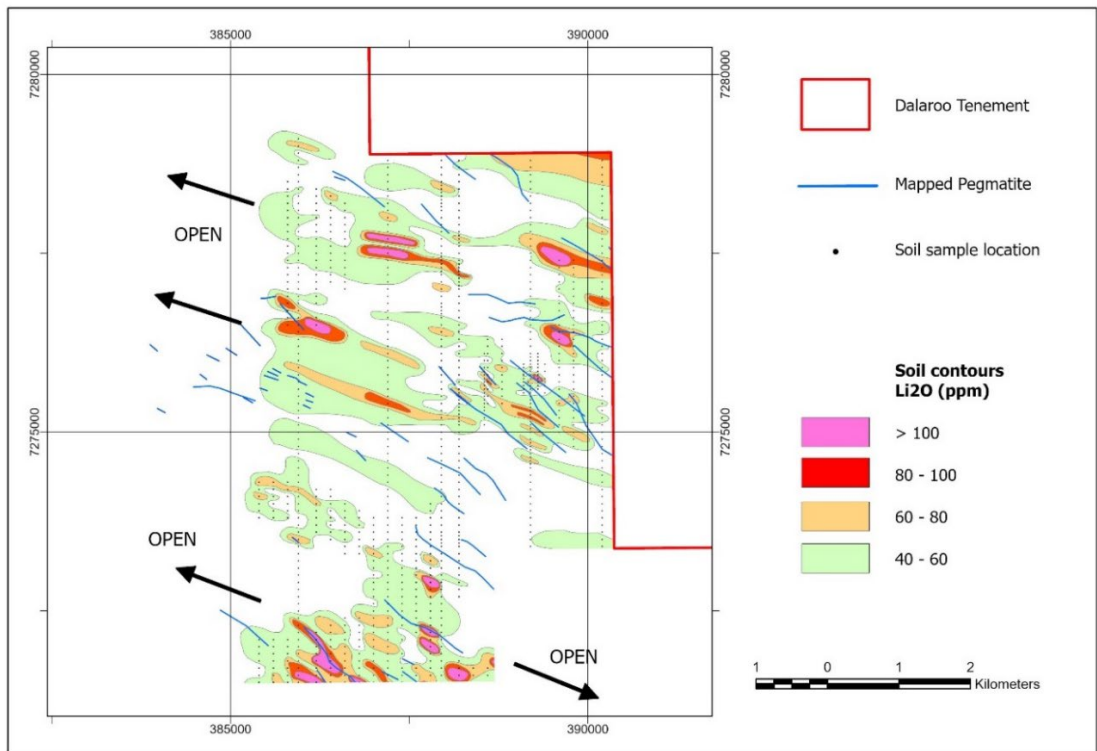


Figure 7: View Hill: lithium soil geochemistry showing main anomalous trends, open to the south, west and east.

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DIRECTORS' REPORT

Rare Earth Elements (REE)

Two significant Rare Earth Element (REE) anomalies have been outlined at View Hill and 32 Mile Well prospects. REE anomalism at View Hill with peak value of 1,043 ppm TREO (Total Rare Earth Oxides) and strike length of 2.2km coincides with large thorium high. REE anomalism at 32 Mile Well with a peak value of 2,025 ppm TREO has a strike length of more than 3km (Figure 8).

REE anomalies lie adjacent to a major NE-trending structural feature, compatible with relationships seen at Kingfisher Mining's Mick Well REE discovery. Anomalies could represent hard rock or clay hosted REE mineralisation.

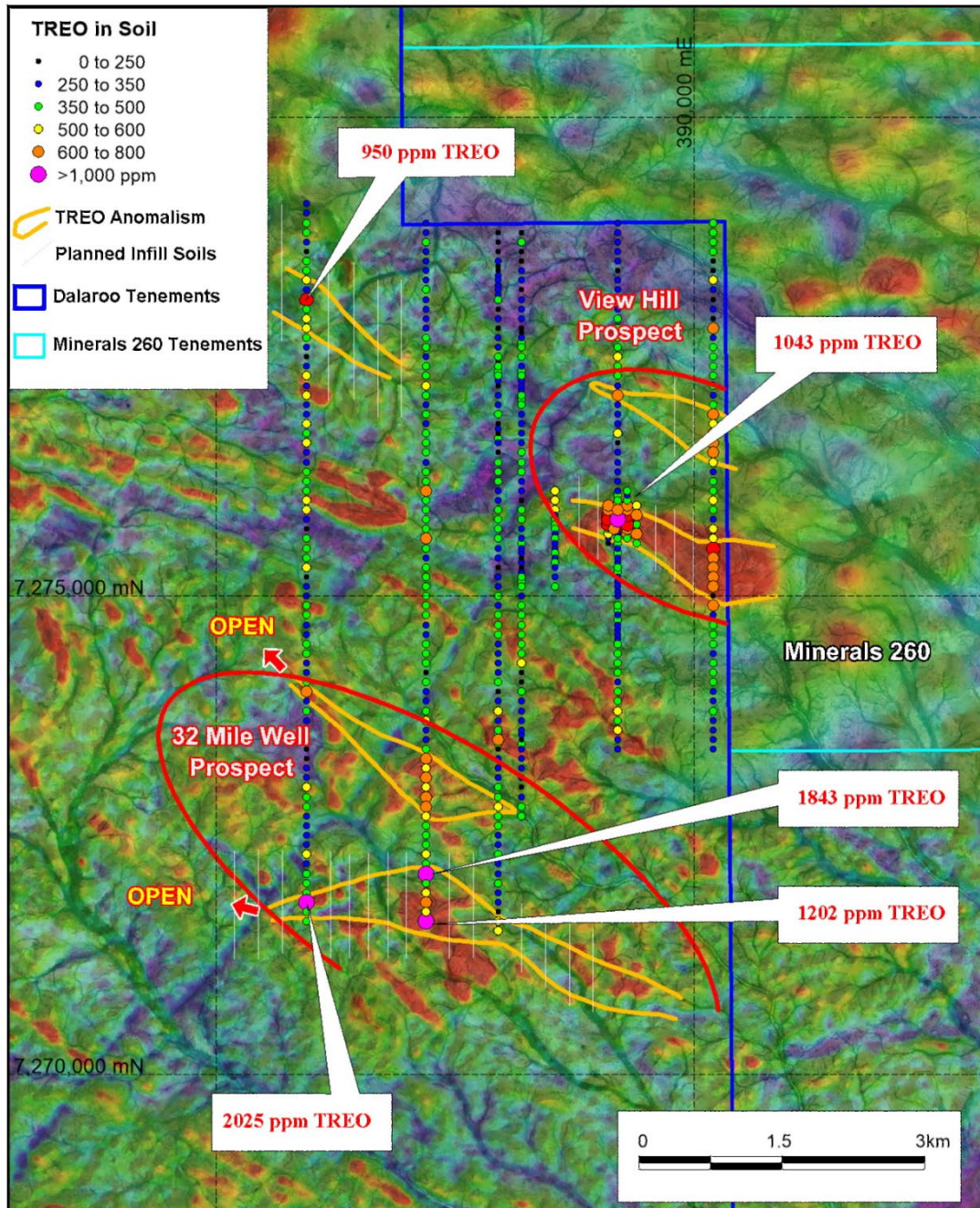


Figure 8: TREO results on radiometrics thorium/google image (note coincident large thorium and TREO anomaly at View Hill prospect).

DIRECTORS' REPORT

Next Steps at Lyons River

Gold

With the completion of the heritage surveys over Goodbody West, Goodbody Central and Goodbody East and POW approvals in place, a focused air-core and/or shallow RC drill program is proposed to take place in February 2024. Further systematic soil sampling is proposed at the 2km strike length Turbo Well prospect. In addition, rock-chip sampling will be undertaken of outcropping quartz veins to outline the surface expression of the gold mineralisation.

Copper/Pb-Zn-Ag

Dalaroo proposes to carry out a Dipole-Dipole Induced Polarisation (DDIP) geophysical surveys in the next phase of exploration at the Browns prospect (Figure 9). The goal of these surveys will be the delineation of a mineralised body at depth that possesses not just the surface geochemical signature, but also the geophysical properties characteristic of a significant BHT/SEDEX deposit and copper mineralisation in the Browns Prospect area prior to the EIS diamond drill program (Figures 2 and 10). (Refer DAL ASX Announcements from 26 April 2023).

Deeper diamond drilling is expected to allow a better understanding of the geological transition to more pyritic and phyllosilicate-rich units identified at the southern limits of the drill tested area interpreted to represent a transition in the pre-metamorphic protolith stratigraphy to lower energy sedimentary units, considered more prospective for BHT/SEDEX type deposits (Figures 2 and 11).

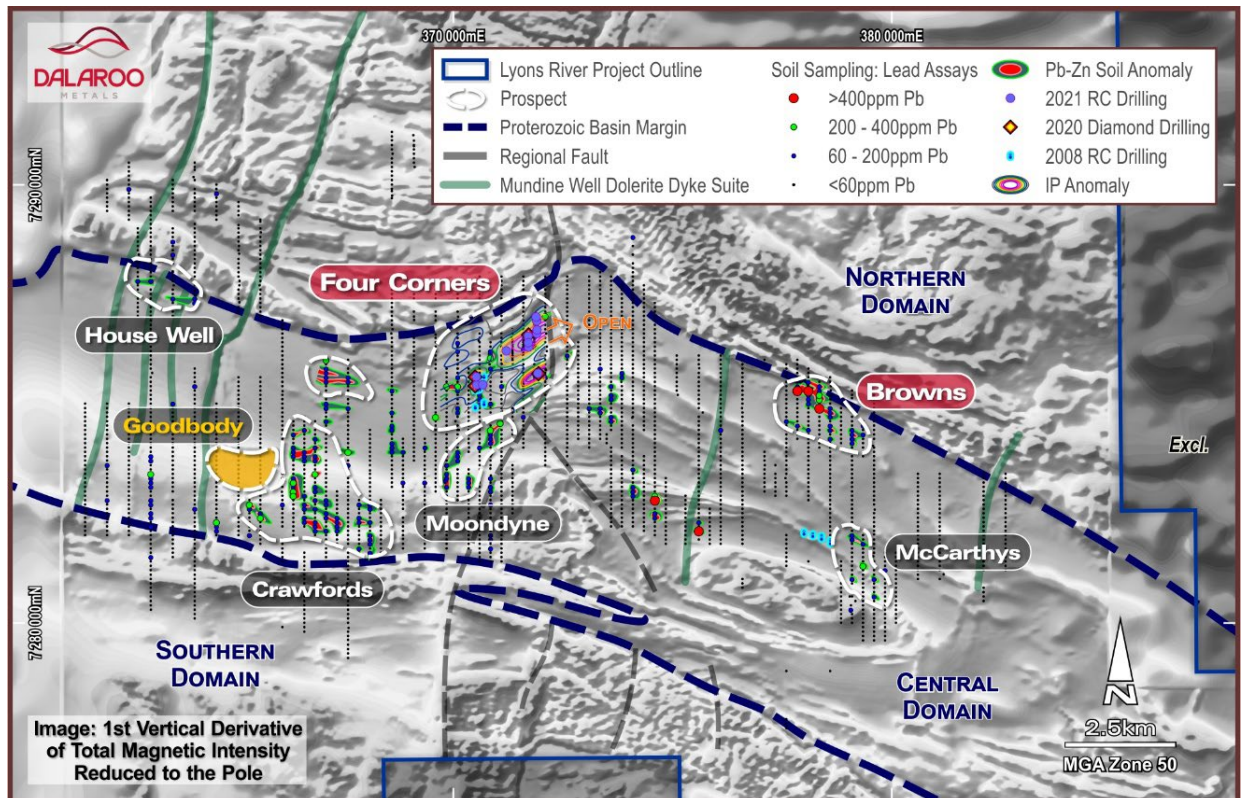


Figure 9: Lyons River, Browns prospect and other five Pb-Zn soil geochemical prospects /targets over greyscale 1 Vertical Derivative Aeromagnetics image.

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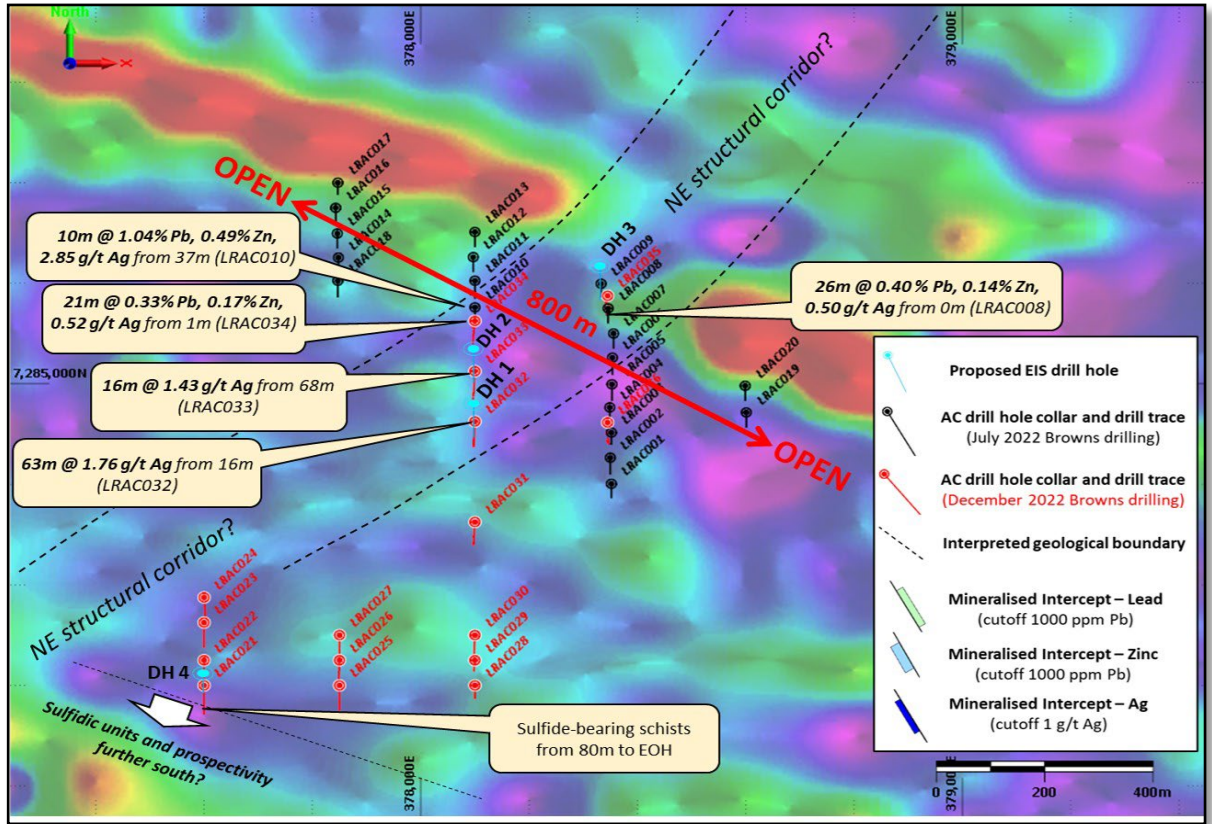


Figure 10: Map view of aircore drilling completed at Browns on ground gravity data basemap.

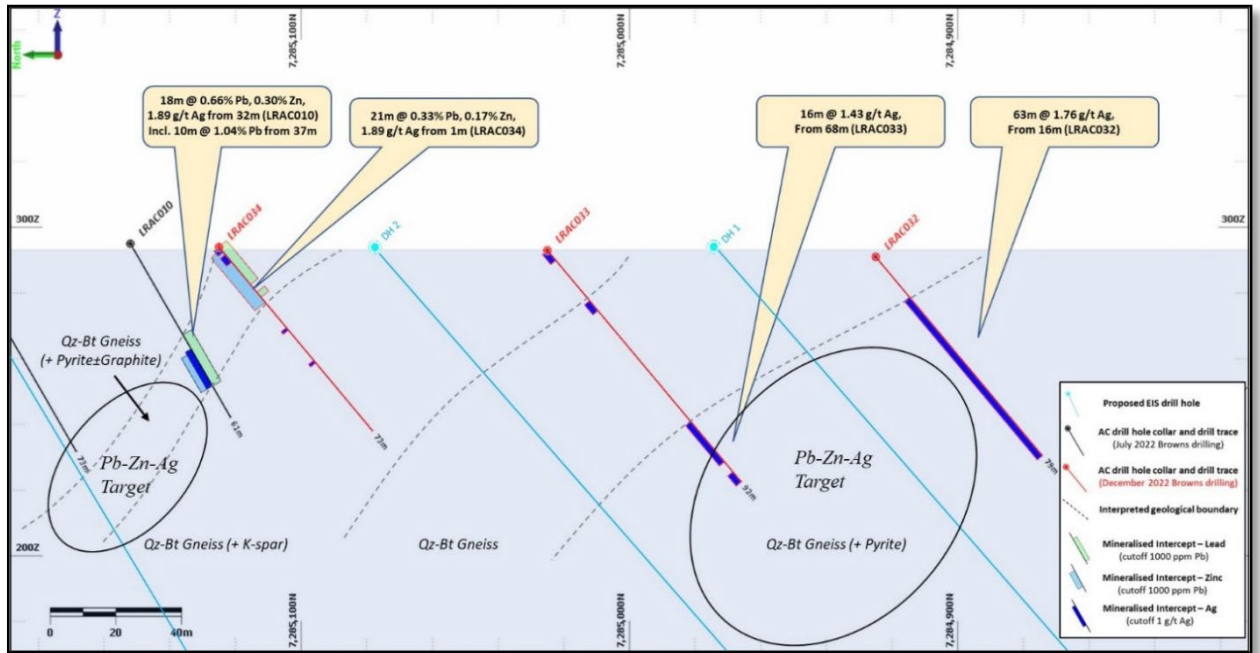


Figure 11: Browns prospect, simplified cross section A-B (see Figure 5) displaying selected mineralised drilling intercepts.

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Namban in the Wheatbelt Region of Western Australia

PGE-Ni-Cu

The Manning Prospect is located 150km north of Perth and 90km north of Chalice Mining's world class Julimar Ni-Cu-PGE Project (Figures 6 and 10). The drilling program was designed to test large Ni-Cu-PGE*+Au geochemical anomalies (Pd soil anomaly with a peak value of 28 ppb coincident with Cu peak value of 605 ppm and Ni peak value of 206 ppm) covering an area of 2km X 0.5km that are coincident with Induced Polarisation (IP) anomalies with high chargeability values of up to 40 mV/V.

Maiden diamond drilling program over Dalaroo's 100% owned Manning Prospect has intersected copper sulphide mineralisation and gold mineralisation west of M16's Moora Project along strike of the Mt Yule Trend. The diamond drill program at Manning was partly funded by the Exploration Incentive Scheme (EIS) grant awarded to Dalaroo by the Government of Western Australia.

Elevated copper, gold and silver assays up to **0.11% Cu, 0.61 g/t Au and 14.5 g/t Ag** were intersected in the drilling program (Figure 12). Host lithologies are interpreted as differentiated intrusive mafic rocks (gabbroic dolerites) believed to be part of a larger (dismembered) intrusive mafic sill complex within a sequence of high-grade metamorphic rocks (gneisses/granulites) that remains prospective for magmatic intrusion hosted Ni-Cu-PGE-Au mineralisation at Namban.

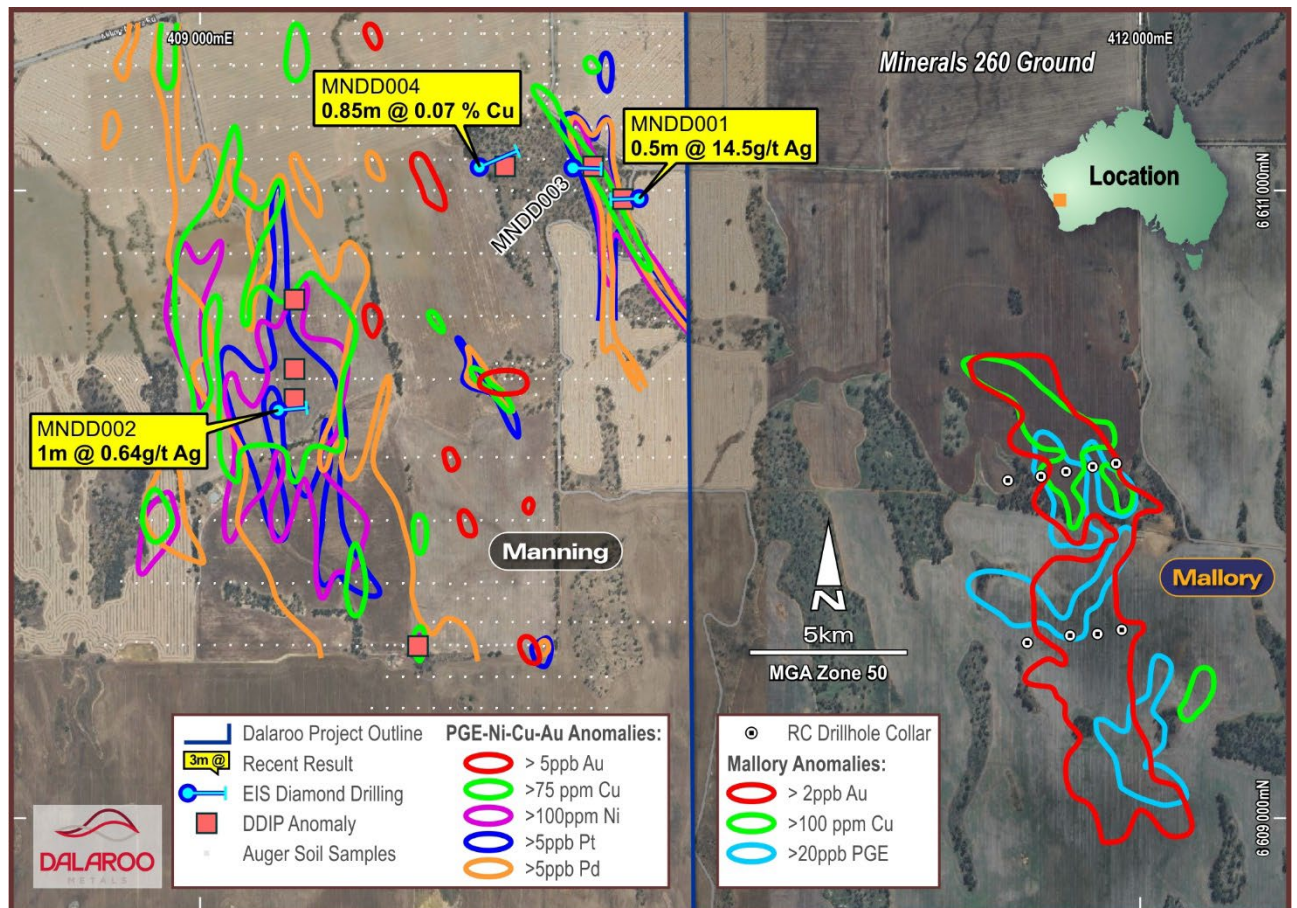


Figure 12: Namban Project – Manning prospect: Contoured soil anomalies, diamond drill hole locations and bedrock anomalies. Contours >5ppb Au contours in red; >75ppm Cu in green; >100ppm Ni in magenta; >5ppb Pt in blue

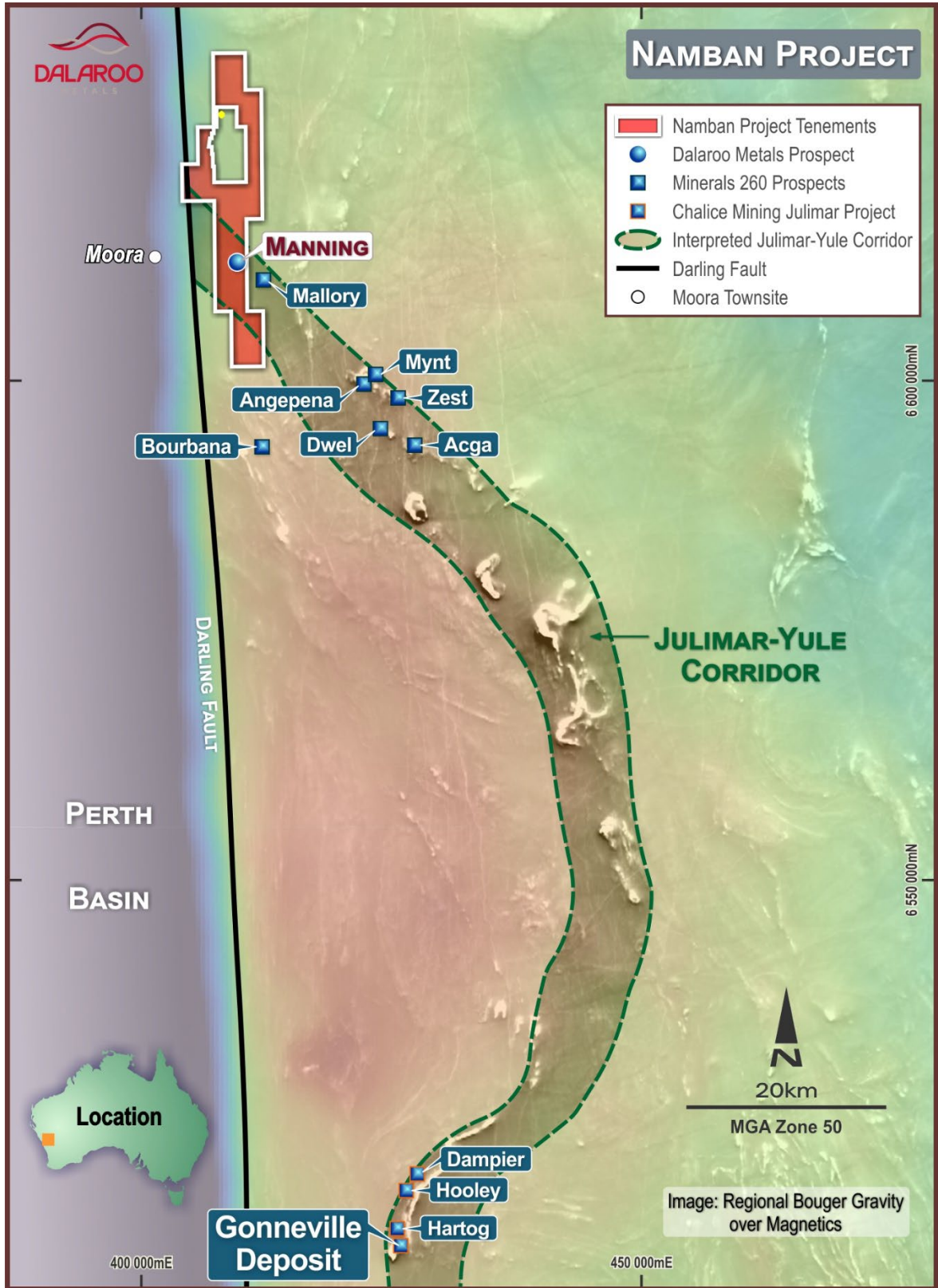


Figure 13: Namban Project Location along the northern extent of the arcuate Julimar – Yule Corridor, truncated by the Darling Fault (dark blue) to the west. Image is 1VD-RTP magnetics draped with Bouguer Gravity

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DIRECTORS' REPORT

Two orientations of chlorite-sulphide veinlets/fractures trending subvertical north-west and north north-west were logged in the holes. A steep NW plunge is inferred from the intersection of the vein sets. The sulphide intersections comprising chalcopyrite-pyrite+/- pyrrhotite rich zones in MNDD004. Pyrite-carbonate alteration was noted in fractured felsic dykes that are NNW trending and are coincident with the regional copper and gold trend around the margins of the interpreted Julimar-Mt Yule Gravity corridor depicted in Figure 13.

Next Steps at Namban

Given the significant size of the surface geochemical anomalism (Ni-Cu-PGE*+Au) outlined (measuring 2km X 0.5km) at the Manning Prospect and only four holes drilled using Dalaroo's successful grant under the EIS of \$175,000, further exploration work is warranted. Future work at the Manning Prospect will include ground gravity surveys, which are expected to complement and expand upon the existing geochemical and geophysical datasets which have helped to delineate encouraging sulphide copper and gold mineralisation.

Gravity surveys will provide additional insight through mapping the local density variation and potentially define deep seated intrusions or sources to the base metal mineralisation and differentiate prospective mafic and gabbroic units from the more recent Proterozoic dolerite dykes which trend through the project and provide targets for potential follow up drill programs.

The net loss after income tax for the half-year was \$315,298 (2022 loss restated: \$1,211,637).

Operations during the reporting period were primarily focused on exploration and resource development at the Company's Lyons River and Namban Projects in Western Australia.

At the end of the half-year the Company had \$742,251 in cash (30 June 2023: \$843,411). Capitalised mineral exploration and evaluation expenditure (including acquisition costs) is \$971,759 (30 June 2023: \$971,759).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during or since the end of the financial period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There has not arisen in the interval between the end of the financial period 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.

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 7th day of March 2024.



David Quinlivan
Chairman

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DIRECTORS' REPORT

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.

NO NEW INFORMATION

Except where explicitly stated, this report contains references to prior exploration results, all of which have been cross-referenced to previous market announcements made by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements.

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AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Dalaroo Metals Limited for the half year ended 31 December 2023, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Crowe Perth



Cyrus Patell
Partner

Signed at Perth, 7 March 2024

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Half Year to 31 December 2023 \$	Half Year to 31 Dec 2022 Restated \$
Other income	11	1,031,391	6,006
Total income		1,031,391	6,006
Expenses			
Staff costs and director fees	12	(304,601)	(262,716)
Professional Fees		(35,760)	-
Marketing and promotion		(29,888)	(24,795)
Finance costs		(1,894)	(4,053)
Depreciation		(45,051)	(41,868)
Administration and Other expenses		(104,495)	(126,787)
Loss on Revaluation of Listed entities		(21,579)	-
Share Based Payments	10	(72,724)	(12,252)
Exploration costs expensed		(730,697)	(745,172)
Loss before income tax		(315,298)	(1,211,637)
Income tax benefit/(expense)		-	-
Loss for the half year		(315,298)	(1,211,637)
Other comprehensive income		-	-
Total comprehensive loss for the half year		(315,298)	(1,211,637)
Loss per share			
Basic and diluted loss per share (cents)		(0.41)	(2.24)

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

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CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Half year as at 31 December 2023 \$	Full year as at 30 June 2023 \$
Current assets			
Cash and cash equivalents	5	742,251	843,411
Financial Assets	6	478,421	-
Trade and other receivables		14,812	39,822
Prepayments		27,103	22,129
Total current assets		1,262,587	905,362
Non-current assets			
Property, Plant & equipment		44,140	50,514
Right of use assets		38,677	77,354
Exploration & Evaluation Assets	7	971,759	971,759
Total non-current assets		1,054,576	1,099,627
Total assets		2,317,163	2,004,989
Current liabilities			
Trade and Other payables	8(a)	286,025	316,457
Lease Liability		41,502	81,831
Employee Benefits Provision	8(b)	45,670	39,485
Shareholder Advances		-	27,000
Total current liabilities		373,197	464,773
Non-current liabilities			
Employee Benefits Provision		4,291	1,692
Total non-current liabilities		4,291	1,692
Total liabilities		377,488	466,465
Net assets		1,939,675	1,538,524
Equity			
Issued capital	9	7,312,884	6,669,159
Reserves	10	161,515	88,791
Accumulated losses		(5,534,724)	(5,219,426)
Total equity		1,939,675	1,538,524

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

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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
2022				
Balance at 1 July 2022	6,032,624	(2,746,725)	5,000	3,290,899
Comprehensive Income:				
Loss for the period (restated)	-	(1,211,637)	-	(1,211,637)
Shares issued (net of costs)	-	-	-	-
Share based payments	-	-	12,252	12,252
Balance at 31 December 2022	6,032,624	(3,958,362)	17,252	2,091,514
2023				
Balance at 1 July 2023	6,669,159	(5,219,426)	88,791	1,538,524
Comprehensive Income:				
Loss for the period	-	(315,298)	-	(315,298)
Shares issued (net of costs)	643,725	-	-	643,725
Share based payments	-	-	72,724	72,724
Balance at 31 December 2023	7,312,884	(5,534,724)	161,515	1,939,675

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

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CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Half Year to 31 December 2023 \$	Half Year to 31 December 2022 \$
Cash flows from operating activities			
Receipts from customers		4,400	-
Interest received		3,072	3,650
Other income		-	2,356
Funds from Government Grants		23,919	-
Payments to suppliers and employees (corporate)		(455,489)	(418,423)
Payments to suppliers and employees (exploration)		(751,787)	(809,073)
Net cash flows used in operating activities		(1,175,885)	(1,221,490)
Cash flows from investing activities			
Proceeds from disposal of mineral rights		500,000	-
Payments for property, plant and equipment		-	(50,110)
Net cash flows from/(used in) investing activities		500,000	(50,110)
Cash flows from financing activities			
Proceeds from the issue of shares and options		670,500	-
Payments for share issue costs		(53,775)	-
Repayment of lease liabilities		(42,000)	(42,134)
Net cash flows from/(used in) financing activities		574,725	(42,134)
Net (decrease)/increase in cash held		(101,160)	(1,313,734)
Cash at the beginning of the period	5	843,411	1,675,897
Cash at the end of the period	5	742,251	362,163

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

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NOTES TO THE INTERIM FINANCIALS STATEMENTS
FOR THE HALF- YEAR END 31 DECEMBER 2023

Note 1 Basis of preparation of half-year report

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the 30 June 2023 annual financial statements.

The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The half-year financial report was approved by the Board of Directors on 7th March 2024.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation are consistent with those previously disclosed in the 30 June 2023 annual financial statements, except for the new accounting policies adopted by the Company during the period, as disclosed below:

Investments and other financial assets

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.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

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NOTES TO THE INTERIM FINANCIALS STATEMENTS
FOR THE HALF-YEAR END 31 DECEMBER 2023

Fair Value

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Investments in equity securities

The fair value of financial assets at fair value through profit or loss, is determined by reference to their quoted bid price at the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Going concern basis for preparation of financial statements

This half-year interim financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the half-year ended 31 December 2023, the Company incurred a net loss after tax of \$315,298 (2022 loss restated: \$1,211,637), had cash outflows from operating and investing activities of \$675,885 (2022: \$1,271,600) and net working capital of \$889,390 (2022: \$440,589). The Directors have considered the funding and operational status of the business in arriving at their assessment of going concern and believe that the going concern basis of preparation is appropriate based upon:

- The Company's ability to raise funds from external sources to meet ongoing working and investing capital requirements;
- The Company's ability to dispose of liquid financial investments; and
- The Company's ability to manage the timing of cash flows to meet the committed obligations of the business as and when they fall due.

Should the Company be unable to raise the amount of funding at the levels required from both external sources as well as the disposal of its liquid investments, there is material uncertainty that the Company will be able to continue as a going concern, and therefore whether it will be able to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts 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.

New Accounting Standards and Interpretations on issue not yet applicable

The Directors have not early adopted any new Accounting Standard or Interpretation currently on issue but not yet applicable to the Company.

Note 2 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.

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Note 3 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2023.

Note 4 Commitments and Contingencies

- (i) Contingent assets and liabilities - There has been no change in contingent assets and liabilities since the last annual reporting date.
- (ii) Commitments - In December 2023, Dalaroo's Lithium Mineral rights at Lyons River were acquired by Delta Lithium Limited. In accordance with the agreement, Delta Lithium Limited are required to expend a minimum of 50% of the annual statutory expenditure requirements on the Lyons River Project tenements held by the Company for a period of three years.

At 31 December 2023, total exploration expenditure commitments on tenements held by the Company for the following twelve months amounted to \$608,000 (30 June 2023: \$828,000).

There has been no other changes in commitments since the last annual reporting date.

Note 5 Current Assets - Cash and Cash Equivalents

	31 December 2023	30 June 2023
	\$	\$
Cash at bank and on hand	742,251	843,411
	742,251	843,411

Note 6 Current Assets - Financial Assets

	31 December 2023	30 June 2023
	\$	\$
Opening balance	-	-
Shares in Listed Entities acquired during period on sale of Lyons River lithium rights	500,000	-
Loss on revaluation at reporting date	(21,579)	-
Shares in Listed Entities at fair value	478,421	-

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In December 2023, Dalaroo's Lithium Mineral rights at Lyons River were acquired by Delta Lithium Limited. Consideration for the transaction was \$1,000,000 consisting of \$500,000 cash received on 15th December 2023 and \$500,000 in Delta Lithium Ltd ordinary shares. On 11 December 2023, 1,017,916 shares were issued to Dalaroo Metals in full consideration for the \$500,000 share issue component (Refer to Note 11). These shares were revalued at \$0.47 per share at reporting date deriving a loss of \$21,579.

Note 7 Exploration and Evaluation Assets

	31 December 2023 \$	30 June 2023 \$
Opening balance at start of financial period	971,759	971,759
Acquisitions during the period	-	-
Closing balance at end of financial period	971,759	971,759

Note 8 Current Liabilities

	31 December 2023 \$	30 June 2023 \$
(a) Trade and other payables		
Trade payables	243,489	288,880
Other payables	41,672	14,520
Other payables – related parties	863	13,057
	286,025	316,457
(b) Employee Benefits Provisions		
Annual leave provision (<i>current</i>)	45,670	39,485

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FOR THE HALF-YEAR END 31 DECEMBER 2023

Note 9 Issued Capital

	31 December 2023		30 June 2023	
	No.	\$	No.	\$
a) Share capital				
Issued share capital	82,750,000	7,312,884	67,450,000	6,669,159
b) Share movements during the period				
Balance at the start of the financial period	67,450,000	6,669,159	54,000,000	6,032,624
Shares issued on placement ^{1, 2}	15,300,000	697,500	13,450,000	672,500
Less share issue costs	-	(53,775)	-	(35,965)
Balance at end of financial period	82,750,000	7,312,884	67,450,000	6,669,159

1. A total of 8,550,000 shares were issued at a share price of \$0.05, realising \$427,500 from Tranche 2 of the June 2023 capital raising
2. A total of 6,750,000 shares were issued at a share price of \$0.04, realising \$270,000 from a capital raising announced in October 2023.

Note 10 Reserves

Options

	31 December 2023	30 June 2023
	\$	\$
a) Options		
Opening balance at start of year	5,000	5,000
Issued during the period to date	-	-
Closing balance	5,000	5,000
b) Share based payments		
Opening balance at start of year	83,791	-
Performance rights issued to directors	-	-
Share based payment expense for period	72,724	83,791
Closing balance	156,515	83,791
Total as at end of financial period	161,515	88,791

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Movements in the number of options on issue during the year are as follows:

	31 December 2023		30 June 2023	
	No	\$	No	\$
Options on issue at the start of the financial period	13,000,000	5,000	13,000,000	5,000
Options issued during the period ^{1,2}	14,375,000	-	-	-
Options on issue at the end of the financial period	27,375,000	5,000	13,000,000	5,000

- 11,000,000 free-attaching options were issued at an exercise price of \$0.08 with an expiry date of 5 June 2025 in August 2023 pursuant to the terms of the June 2023 capital raising.
- 3,375,000 free-attaching options were issued at an exercise price of \$0.08 with an expiry date of 5 June 2025, pursuant to the terms of the October 2023 capital raising.

Performance Rights

At the date of this report 3,900,000 performance rights have been issued pursuant to the terms and conditions of the Employee Securities Incentive Plan. The vesting conditions for each of the class of performance rights is detailed below:

Class		Key Vesting conditions
1	1,300,000	The volume weighted average price per Share, calculated over a period of 20 consecutive trading days (VWAP) being equal to or greater than \$0.174.
2	1,300,000	The volume weighted average price per Share, calculated over a period of 20 consecutive trading days (VWAP) being equal to or greater than \$0.196.
3	1,300,000	Eligible participants remaining with the Company until at least 30 June 2025 (Vesting Date), subject to the discretion of the Board under the rules of the Plan.

Movements in the number of performance rights on issue during the financial period are as follows:

	31 December 2023		30 June 2023	
	No	\$	No	\$
Performance rights on issue at the start of the financial period	3,900,000	83,791	-	-
Options issued to Key Management Personnel as performance rights	-	-	3,900,000	83,791
Share based payment expense	-	72,724		
Performance rights on issue at the end of the financial period	3,900,000	156,515	3,900,000	83,791

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The Incentive Performance Rights to be issued to the Key Management Personnel were independently valued, using the Parisian Barrier1 Model option pricing model and based on the assumptions set out below, the Incentive Performance Rights were ascribed the following value:

Input	
Number of Performance Rights	3,900,000
Assumed Share Price at Grant Date ¹	\$0.11
Performance Milestones	<p>(Class 1): The 20 Day volume weighted average price of Shares, calculated over consecutive days in which the Shares have traded (VWAP) being equal to or greater than \$0.174.</p> <p>(Class 2): The 20 Day volume weighted average price of Shares, calculated over consecutive days in which the Shares have traded (VWAP) being equal to or greater than \$0.196.</p> <p>(Class 3): Eligible participants remaining with the Company until at least 30 June 2025 (Vesting Date), subject to the discretion of the Board under the Plan.</p>
Vesting Period ²	943 Days
Expiry Period ³	1,673 Days
Dividend Yield	Nil
Volatility ⁴	92%
Risk-free interest rate ⁵	3.10% per annum
Estimated value per Performance Right	(Class 1): \$0.0903 (Class 2): \$0.0864 (Class 3): \$0.1100
Total value of Performance Rights	\$372,710

Notes:

1. Based on closing price on 30 November 2022. the valuation noted above is not necessarily the market price that the Incentive Performance Rights could be traded at and is not automatically the market price for taxation purposes.
2. Determined from the grant date of the Performance Rights to the expiry date, being 30 November 2025.
3. Determined from the proposed grant date of the Performance Rights to the expiry date, being 30 November 2027.
4. Estimated based on Hoadley's GARCH long-run forecast and Exponentially Weighted Moving Average volatility models using share price data over the historical period since the Company commenced trading on the ASX to 30 November 2022. The Independent Valuer sense checked this by analysing the 1-year, 2-year, 3-year and 5-year volatilities of comparable companies both in the nickel/base metal sector as well as the PGE sector separately and considered the volatility estimate used was not unreasonable for an approximate 3-year vesting period.
5. Continuously compounded rate based on the interpolated two-year and three-year Australian Government bond yields as at 30 November 2022.

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NOTES TO THE INTERIM FINANCIALS STATEMENTS
FOR THE HALF-YEAR END 31 DECEMBER 2023

Note 11 Other Income

	31 December 2023	31 December 2022
	\$	\$
Rental income	4,400	3,650
Interest Income	3,072	2,356
Government grant income	23,919	-
Gain on disposal of lithium rights	6 1,000,000	-
Total Other Income	1,031,391	6,006

Note 12 Staff Costs and Directors' Fees

	31 December 2023	31 December 2022
	\$	\$
Salaries and wages (including superannuation)	96,018	52,848
Directors' fees (including superannuation)	199,800	198,900
Employee leave benefits expense	8,783	10,968
Total Staff Costs and Directors' Fees	304,601	262,716

Note 13 Fair Value

Disclosure of fair value measurements is by level of the following fair value measurement hierarchy:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the fair value measurement hierarchy of the Company's financial assets and liabilities carried at fair value at 31 December 2023.

	31 December 2023		30 June 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets – Level 1	478,421	478,421	-	-
	478,421	478,421	-	-

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NOTES TO THE INTERIM FINANCIALS STATEMENTS
FOR THE HALF-YEAR END 31 DECEMBER 2023

Note 14 Retrospective Restatement

Share based payment expense:

At the time of preparing the 30 June 2023 financial statements, the Company identified that previously disclosed 'share based payment expense' did not reflect the actual vesting period of the performance rights issued on 30 November 2022 as highlighted in Note 10. This error has been corrected and prior year comparative information restated in the 31 December 2023 financial statements. The effect of this on the loss for the period ending 31 December 2022 was a reduction in the loss position of \$360,458. and the net effect to net assets at 30 June 2023 was Nil.

Note 15 Events Occurring After the Balance Sheet Date

There has not arisen in the interval between the end of the financial period 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.

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DIRECTORS' DECLARATION

The directors of Dalaroo Metals Ltd ("the Company") declare that:

- (a) the interim financial statements and notes set out on pages 18 to 29 are in accordance with the Corporations Act 2001, including:
- (i) complying with Australian Accounting Standard AASB 134 – *Interim Financial Reporting*, and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position as at 31 December 2023 and of the performance for the period ended on that date of the Company.
- (b) 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 Directors.

Signed at Perth this 7th day of March 2024.



David Quinlivan
Chairman

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Dalaroo Metals Limited (the Company), which comprises the condensed statement of financial position as at 31 December 2023, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, and notes comprising material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Dalaroo Metals Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of \$315,298 during the half year ended 31 December 2023 and, as of that date, the Company had net cash outflows from operating and investing activities of \$675,885. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Crowe Perth



Cyrus Patell
Partner

Signed at Perth, 7 March 2024

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