

Quarterly Activities Report For Period Ended 30 June 2022

Highlights

Namban in the Wheatbelt Region of Western Australia

- Multiple Induced Polarisation (IP) anomalies have been outlined at Namban coincident with the significant Manning PGE*-Cu-Ni-Au auger geochemical anomalies.
- IP anomalies with high chargeability values of up to 30 mV/V correlate with recently defined anomalous PGE-Ni-Cu geochemistry.
- RC drill testing will be completed after additional IP is completed and full site access is available after the cropping season.

*PGE: Platinum Group Elements – palladium (Pd) and platinum (Pt)

Lyons River in the Gascoyne Region of Western Australia

- Several high priority lithium anomalies with values of up to 125ppm Li and strike lengths of up to 1.5km outlined.
- Lithium anomalies are supported by elevated levels of pathfinder and indicator elements including rubidium, beryllium, caesium, tantalum and tin.
- Targeted 50m spaced airborne magnetic data has highlighted five granite fertile areas with potential to host lithium bearing pegmatites. Some of the granite fertile areas coincide with zones of anomalous lithium.

Dalaroo Metals Ltd (ASX: DAL, “Dalaroo” or “Company”) is pleased to provide an update on its activities during the June Quarter 2022.

Namban Project

The Namban Project is located ~ 150km north-northeast of Perth, adjacent to the regional center of Moora in Western Australia, in the newly defined Yilgarn Ni-Cu Province (Figure 1).

Multiple IP anomalies have been outlined that are coincident with the recently defined large PGE-Ni-Cu-Au auger geochemical anomalies at Manning within the Namban Project (ASX: DAL – see announcement 20 June 2022). The main Manning PGE anomaly covers an area of 2 km X 0.5 km (with a peak value of 28ppb that is coincident with Cu peak value of 605 ppm and Ni anomalism (peak value of 206 ppm) (ASX: DAL – see announcement 11 April 2022).

An orientation Dipole Dipole Induced Polarisation (DDIP) survey was undertaken at Manning during May/June 2022. The DDIP survey was designed to cover PGE-Ni-Cu-Au auger geochemical anomalies to determine if a sulphide basement source was present that may reflect primary mineralisation. Originally planned as seven east-west oriented traverses of various line lengths and spacings, the survey was subsequently modified due to access limitations because of wheat cropping. The field acquisition of the IP data was monitored and then interpreted by Core Geophysics before inversions were conducted converting the pseudo section results to chargeability and resistivity depth.

The IP survey consisted of six lines, five of which were oriented east-west and one north-south (Figures 2). Of these, only Line 1 effectively covered the centre of the southern extent of the Manning PGE-Ni-Cu auger geochemical anomaly. Line 1 was completed and displays a well formed, but weak chargeability anomaly (4mV/V) at a depth of 120m. This position correlates well with Pd-Au geochemical anomalism defined by Dalaroo and requires follow up IP surveys to the south. The resistivity on Line 1 may reflect the Archean/Proterozoic contact (Figure 3).

Line 9 at the northern end of the DDIP survey returned high chargeability values of up to 30 mV/V (Figure 4) which correlate well with anomalous PGE-Ni-Cu geochemistry results (ASX: DAL – see announcement 11 April 2022).

The north-south Line 10 was effective in covering the central spine of the large Manning PGE-Ni-Cu auger geochemical anomaly, returning elevated chargeability results (Figure 5).

“Encouraging results were obtained from the DDIP survey, with above background chargeability anomalies correlating to anomalous geochemistry delineated over three lines and importantly Line 9 at the northern end of the DDIP survey returned high chargeability values of up to 30 mV/V. This gives us confidence to continue with further IP work when site access improves after cropping and the IP results will guide our RC drill testing program,” said Dalaroo Managing Director, Harjinder Kehal.

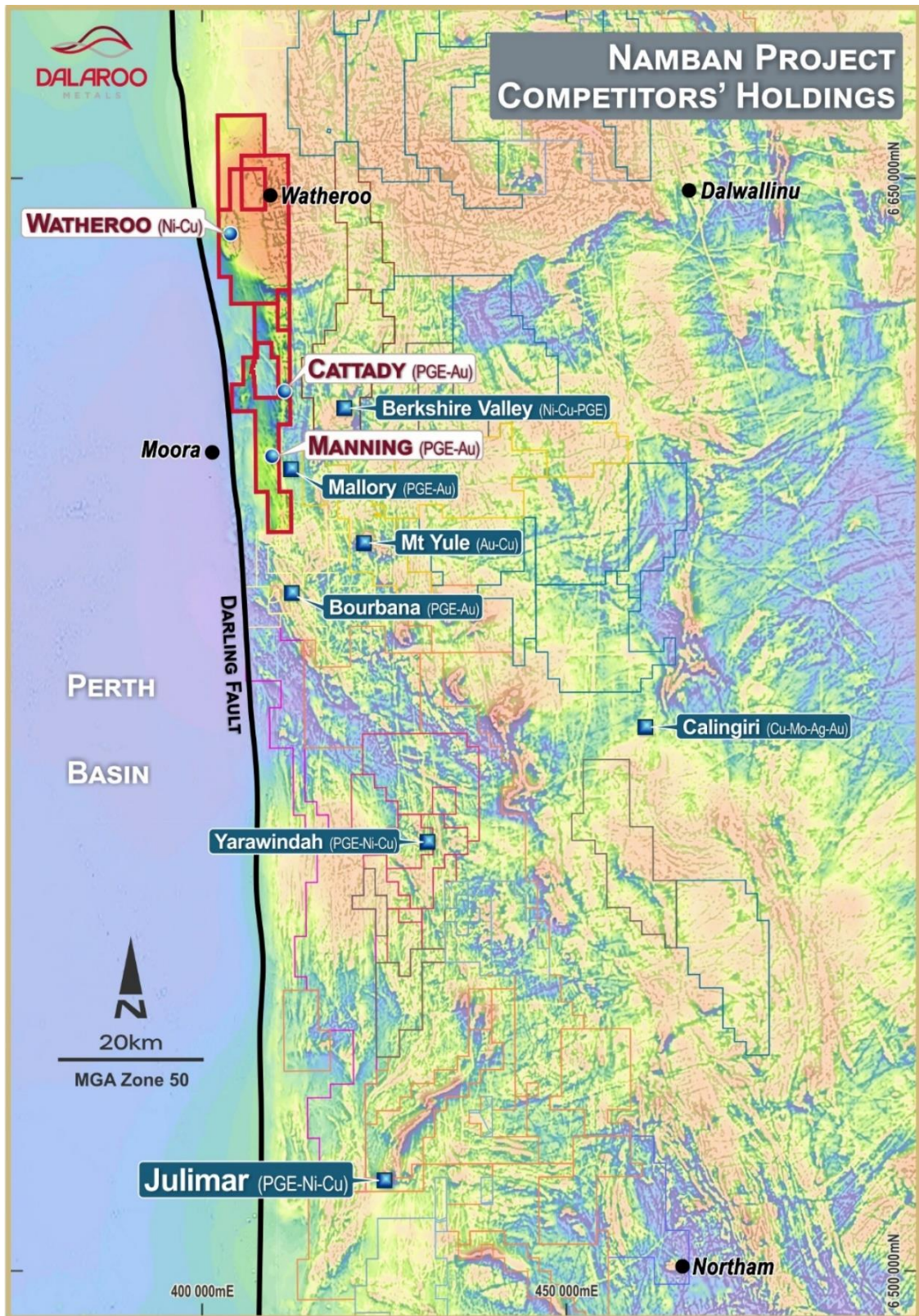


Figure 1: Namban Project Location

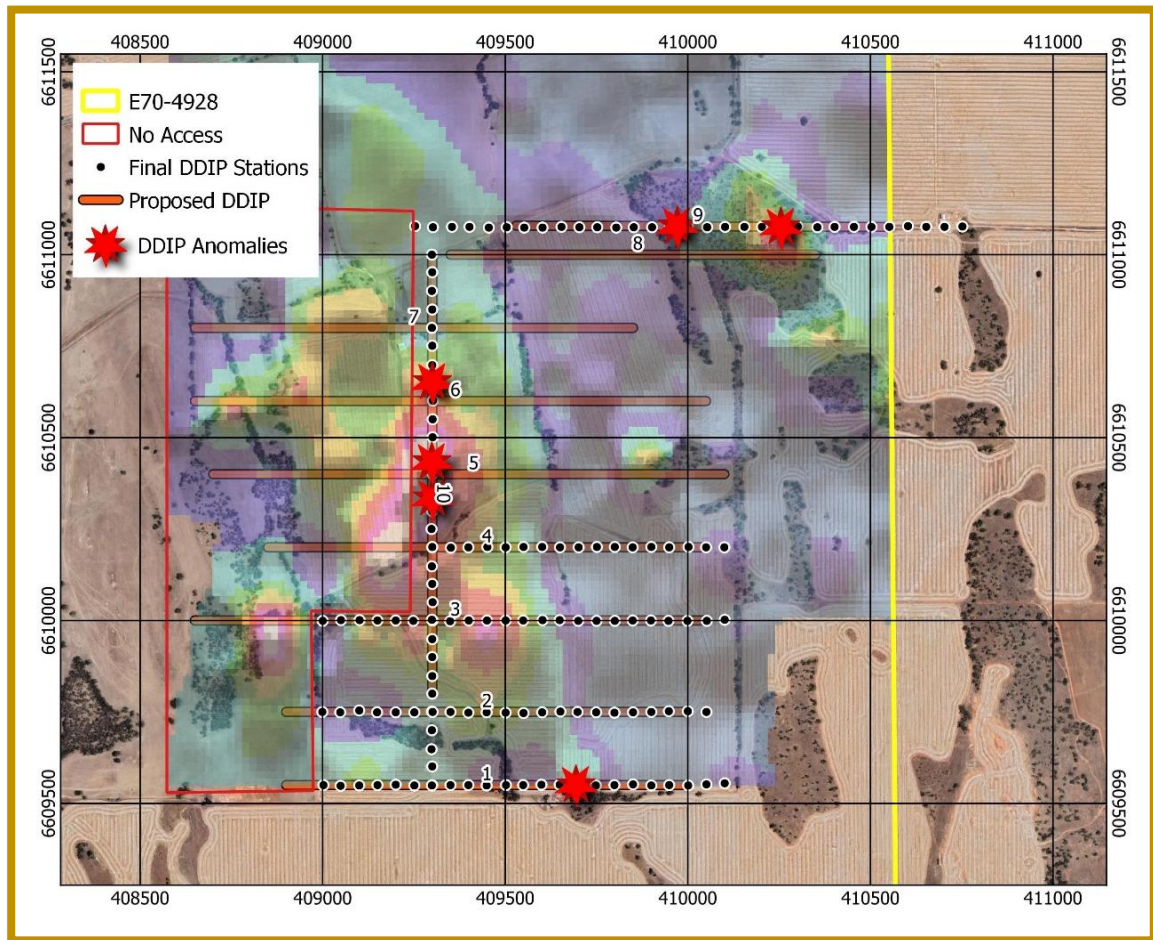


Figure 2: Manning IP survey with final DDIP traverses over Ni geochem anomalies

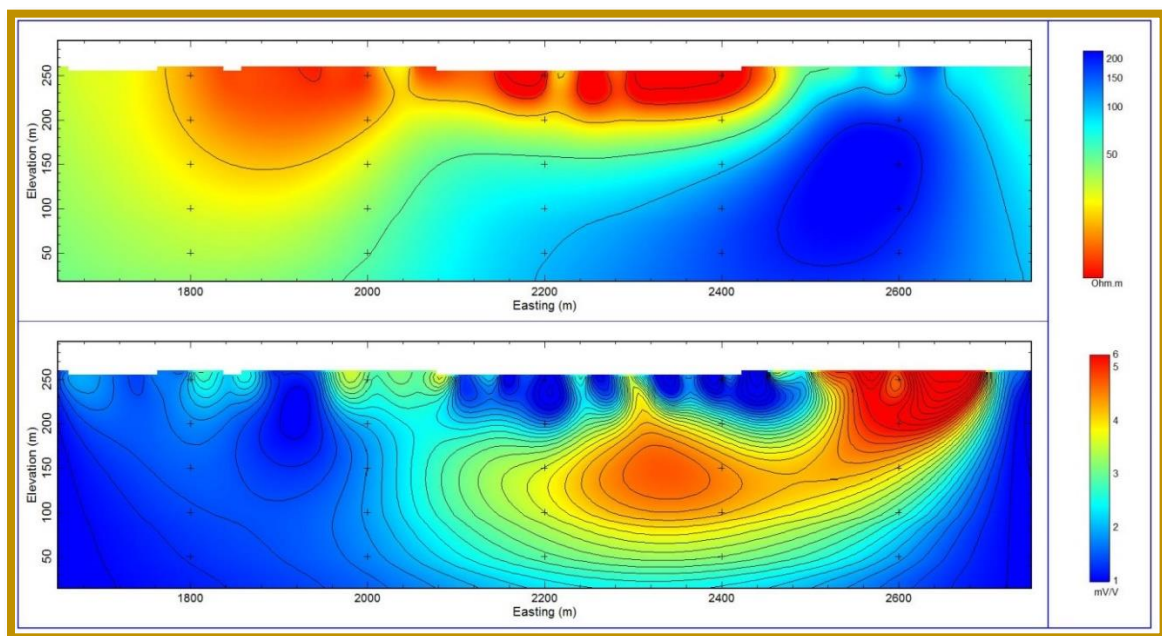


Figure 3: Manning, Line 1 – IP inversion results highlighting bedrock chargeability anomaly

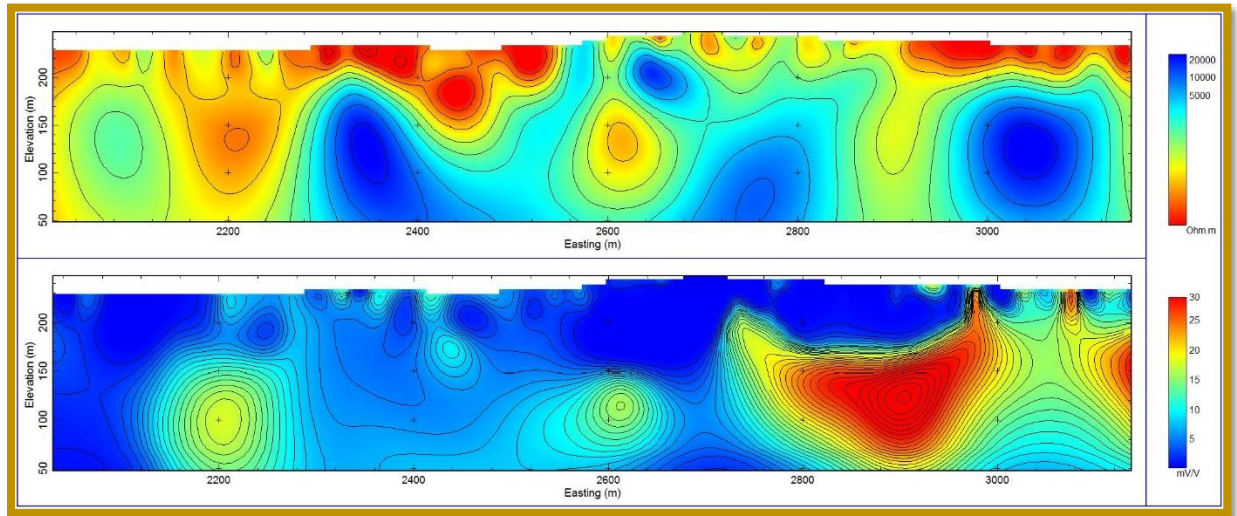


Figure 4: Manning Line 9 - IP inversion results highlighting bedrock anomaly with chargeability of up to 30 mV/V

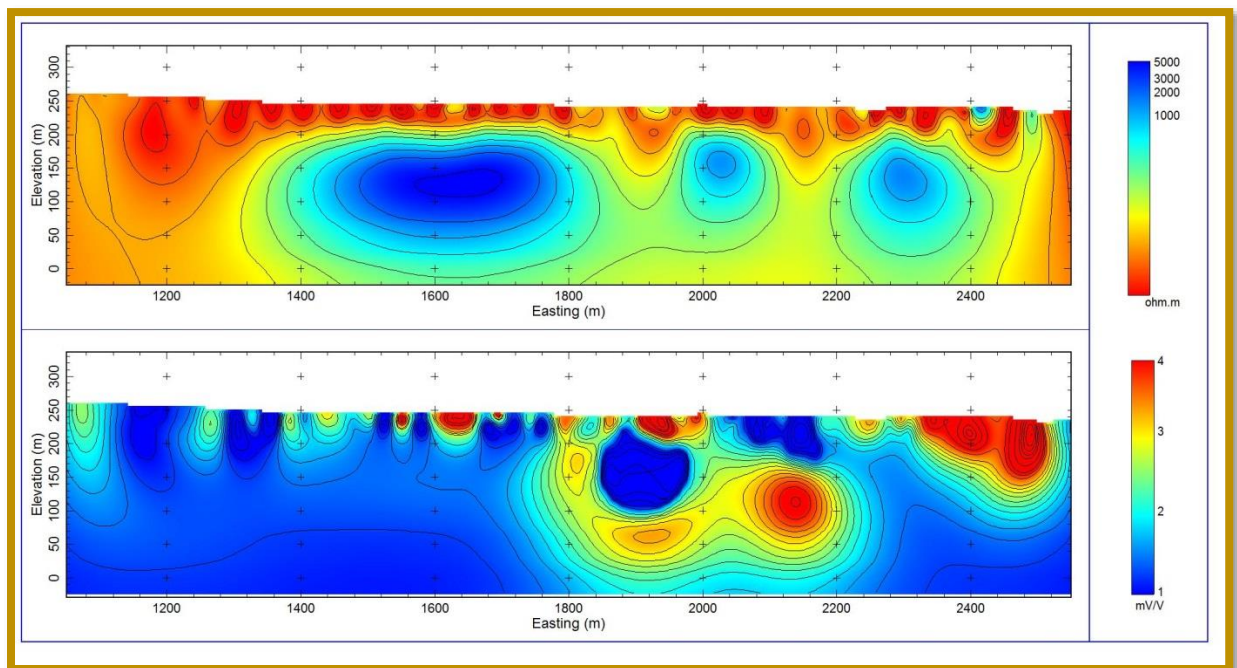


Figure 5: Manning – Line 10 North South line - IP inversion results highlighting bedrock chargeability anomalies

Next Steps at Namban

At Manning, the consulting geophysicist, Core Geophysics has recommended that these IP results be followed up with additional IP as per the original planned survey, when full access is available. This will further validate the chargeable anomalies with potential for follow up RC drill testing for primary sulphide PGE-Ni-Cu-Au mineralisation at Manning to be undertaken during the December quarter 2022.

Dalaroo proposes to undertake systematic geochemical sampling over the prominent 7 km long by 3 km wide magnetic anomaly considered to represent a mafic intrusive and thought to be a “Chonolith” prospective for Ni-Cu deposits once land access agreements and approvals are in place.

Lyons River Project

Dalaroo’s Lyons River Project is a strategic (100% owned) land position of 703 km² within the Proterozoic Mutherbukin Zone of the Gascoyne Province. The Company believes the district is an emerging Broken Hill Type (“BHT”) / Sedimentary Exhalative (“SEDEX”) deposit setting.

Dalaroo advised that analysis of historical multi-element geochemical data from its Lyons River base metal project has identified multiple lithium anomalies where statistically elevated lithium concentrations have been observed (ASX: DAL – see announcement 26 May 2022). These lithium anomalies are supported by elevated levels of pathfinder and indicator elements including rubidium, beryllium, caesium, tantalum and tin in the underexplored Gascoyne Province of the Capricorn Orogen in Western Australia (Figure 6).

Dalaroo’s lithium anomalies are located approximately 50 km west of the Malinda Lithium Project previously explored by Segue Resources Ltd (renamed Arrow Minerals Ltd) (ASX: AMD – See ASX announcement 20 September 2017) with a significant drill intersection of 14m @ 1.25% Li₂O.

A total of 3,700 soil geochemical samples have been collected on a 250 X 100 to 500 X 100m grid pattern over the period from 2017 to 2021 covering an area of 22km x 10 to 15km at the Lyons River Project. Soil samples have been collected over an exposed regolith domain with granite gneisses and psammites mapped by the Geological Survey of Western Australia (GSWA). A subset of 300 samples from initial areas of interest were re-assayed using a four acid digest for lithium and associated supporting elements. This data was then analysed by a specialist geochemist.

Lithium values of up to 125 ppm are seen in the four acid digest data, showing enrichments compared to average background granites concentrations by up to six times and are supported by elevated levels of pathfinder and indicator elements including rubidium, beryllium, caesium, tantalum and tin.

The multi-element signatures of these soil anomalies are consistent with possible hard rock lithium mineralisation.

“Importantly, assessment of our 50m spaced airborne magnetic data has highlighted five granite fertile areas which have the potential to host lithium bearing pegmatites. Some of the granite fertile areas coincide with zones of anomalous lithium and this is really exciting to guide our future exploration focus,” said Dalaroo’s Managing Director, Harjinder Kehal.

With our focus to date being on base metals, the geochemical data over the Lyons River has not been specifically evaluated for lithium mineralisation. Geological ground mapping over the project has

discovered numerous outcropping pegmatites in addition to those mapped by GSWA, particularly in the eastern part of the Lyons River Project area.

Heritage surveys have been carried out at the Browns and Crawfords areas in the June quarter 2022.

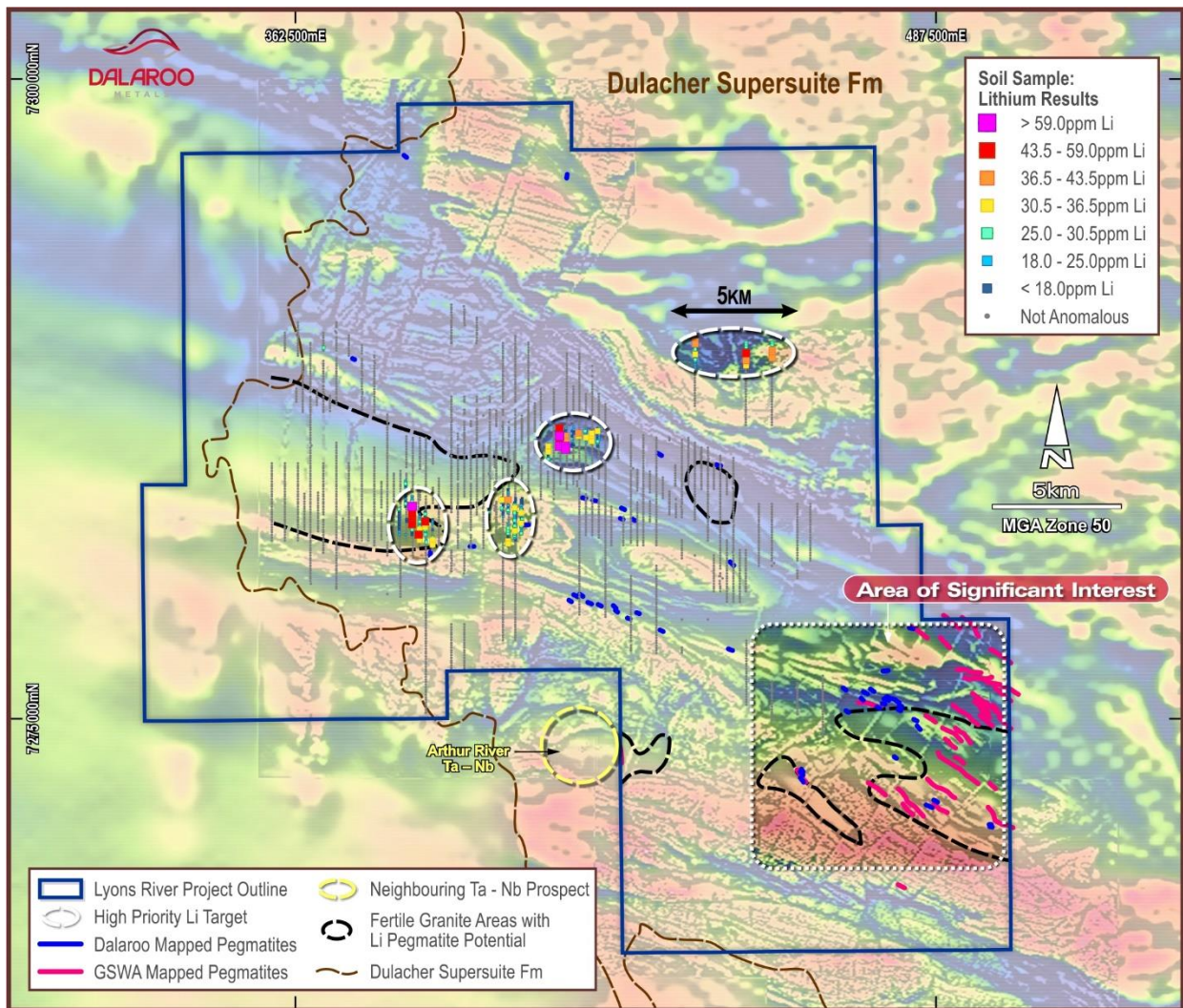


Figure 6: Lyons River Project, multiple lithium anomalies, fertile granite areas and area of significant interest with pegmatite swarm

Next Steps at Lyons River

Base metal – BHT/SEDEX targets

An aircore drilling programme has commenced at the Browns prospect to test a very compelling broad Pb-Zn soil and rock chip geochemical anomaly (max 1445ppm Pb, 1080 Zn ppm) with a strike length of 2km and width of 1km, associated with extensive iron-rich and gossanous material at surface. The AC drilling program is expected to consist of approximately 1,500m.

Exploration activities planned for the Four Corners base metal prospect include surface IP and radial/downhole IP surveys once a specialist geophysical contractor becomes available to conduct these surveys in early the December Quarter 2022. Recent drill programs have intersected an encouraging primary zinc (sphalerite) and lead (galena) sulphide mineralisation comprising 0.2m @ 3.05% Pb, 1.37% Zn and 3 g/t Ag and 5m @ 0.48% Pb, 0.26% Zn and 1.3 g/t Ag from 144m. These IP surveys are expected to provide vectors for the next phase of drill testing at Four Corners with a proposed RC drill program of 2,000m.

In addition, the IP anomaly NE and SE zones remain open to the east, IP survey lines will be extended further to the east to determine the eventual size of the currently defined 2.5km strike length anomaly.

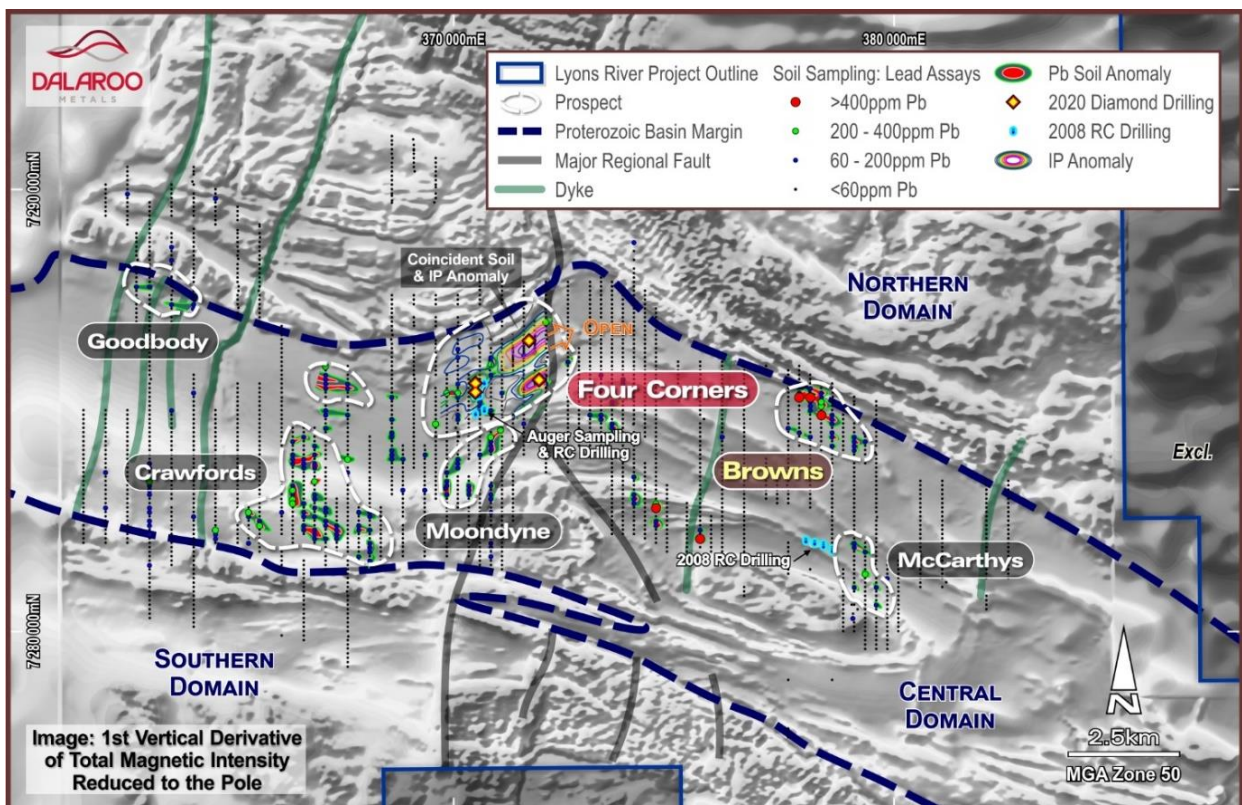


Figure 7: Lyons River, Four Corners prospect and new Pb-Zn soil geochemical prospects /targets

Lithium potential targets

A program of field geological mapping and rock chip sampling of outcropping pegmatites on the high priority lithium targets generated by multi-element data review and geophysical targets. Dalaroo will also undertake infill soil sampling programs at the lithium targets. Results from the field geological mapping coupled with rock chip sampling and subsequent infill soil geochemical sampling programs will guide the next phase of exploration including RC drill testing to determine the extent of Li rich pegmatites.

Goodbody – gold target

At Goodbody a broad east-west structural corridor containing gold anomalism and rock chip values of up to 6.25 g/t Au occurs over a strike length of several kilometres with the potential to host gold deposits. The Goodbody gold anomaly remains open to the west.

Further exploration comprising infill soil geochemical sampling at Goodbody will continue into the September Quarter 2022. Aircore drilling of this compelling gold target is also proposed, once site relevant access approvals are in place.

As at the date of this report, the Company has the following securities on issue:

Security Type	Number
Fully Paid Ordinary Shares	54,000,000
Vendor Options - nil issue price exercisable at \$0.25 each and expiring on 28 September 2025	8,000,000
New Options – issue price of \$0.001 each, exercisable at \$0.25 each and expiring on 28 September 2024	5,000,000

No further shares or options were issued during the quarter

Listing Rule 5.3.4 Use of Funds

Dalaroo was admitted to trading on ASX on 28 September 2021. The June Quarter 2022 is included in a period covered by a Use of Funds statement in a prospectus dated 26 August 2021 and lodged with ASX under Listing Rule 1.1 condition 3. A comparison of the Company's expenditure since listing against the estimated Use of Funds statement is set out below as required under Listing Rule 5.3.4.

Expenditure Item	Estimate for the first year after ASX Admission (\$'000)	Actual Use of Funds to 30 June 2022 (\$'000)	Variance Under/(Over) (\$'000)
Exploration – Namban Project	830	661	169
Exploration – Lyons River Project	1,035	855	180
Working Capital and Administration	836	654	182
Estimated expenses of the Offer	541	561	(20)
TOTAL	3,242	2,731	511

Financial Commentary

The Appendix 5B for the quarter ended 30 June 2022 provides an overview of the Company's financial activities. Exploration expenditure for the quarter was \$385K. Corporate and other expenditure for the quarter was \$189K. The total amount paid to Directors of the Company, their associates and other related parties was \$111K which includes salary and fees.

The Company's cash balance at the end of the quarter was \$2,675,897.

ENDS

For more Information:

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

Harjinder Kehal, Managing Director on +61 400 044 890

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 Practising 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.

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

ASX Releases during the June Quarter 2022

Date	Description
4 April 2022	New Gold Prospect outlined at Lyons River in Gascoyne
11 April 2022	Namban Project Exploration Update
20 April 2022	Significant 7Km long Magnetic Anomaly outlined at Watheroo, Namban
26 April 2022	Quarterly Activities Report and Appendix 5B For Period Ended 31 March 2022
13 May 2022	Securities being released from escrow
16 May 2022	Securities being released from escrow
19 May 2022	Securities being released from escrow
22 May 2022	Appendix 2A – Securities released from escrow
24 May 2022	Appendix 2A – Securities released from escrow
26 May 2022	Appendix 2A – Securities released from escrow
26 May 2022	Multiple Lithium anomalies – Lyons River Project in Gascoyne
20 June 2022	Multiple IP anomalies at Manning, Namban Project

About Namban

Namban Project comprises an under explored ground package totalling 437 km² located in the mid-north part of the wheatbelt region, deemed by Dalaroo to be prospective for magmatic intrusion related Ni-Cu-PGE deposits. The Company has a 100% controlling interest in the Namban Project, comprising six tenements extending from the townships of Moora in the south to Three Springs in the north (Figure 8).



Figure 8: Namban Project tenements location map.

About the Lyons River Project

Lyons River is located approximately 1,100km north of Perth and approximately 220 km to the north-east of the coastal town of Carnarvon, Western Australia. The Lyons River Project lies within the Mutherbukin Zone of the Gascoyne Province, which is the deformed and high-grade metamorphic core zone of the early Proterozoic Capricorn Orogen (Figure 9).

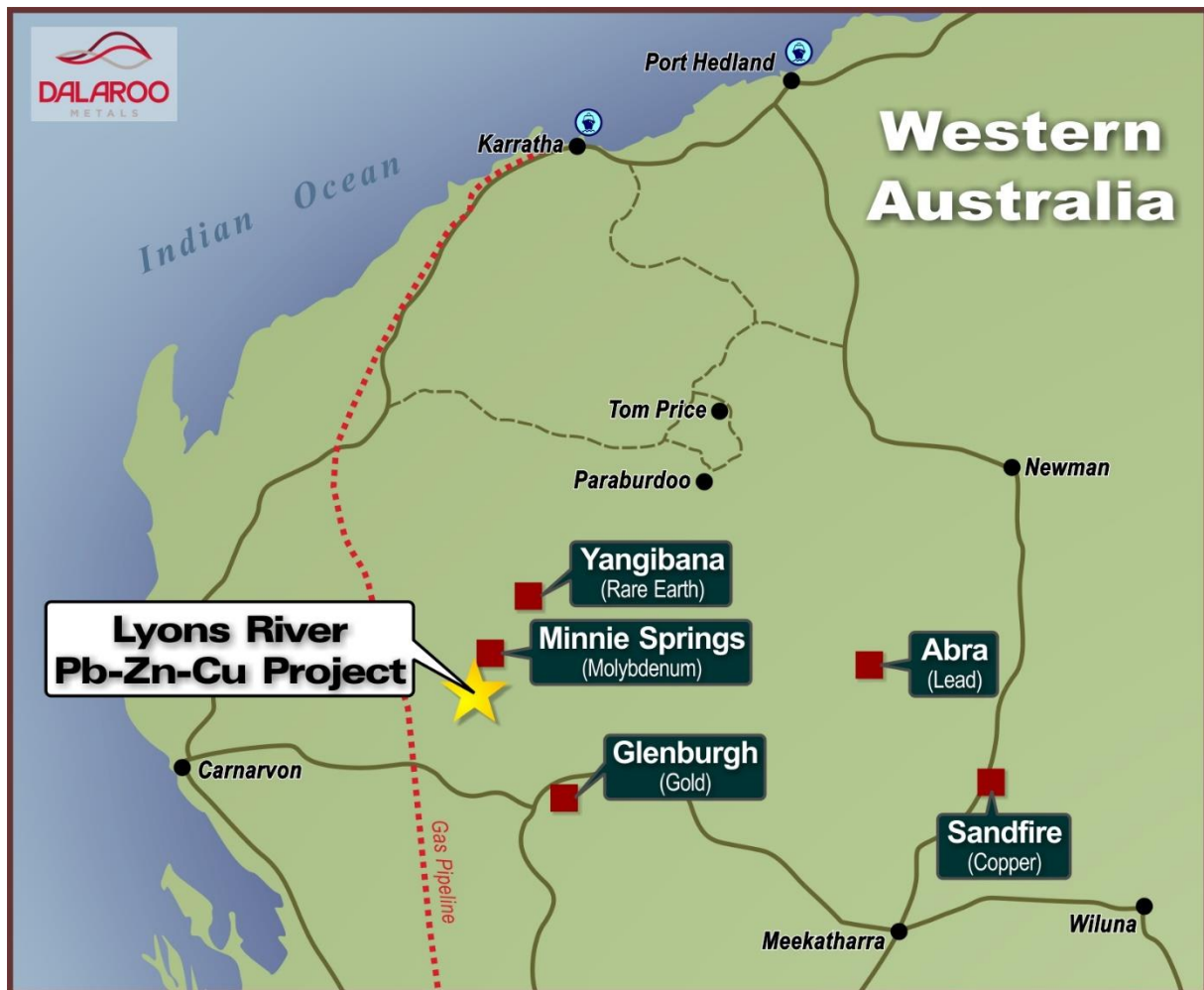


Figure 9: Lyons River Project location diagram

TENEMENT SCHEDULE AS AT 30 JUNE 2022

Project Name	Location	Tenement Licence	Interest held at 30 June 2022
Lyons River	WA	E09/1824	100%
Lyons River	WA	E09/1825	100%
Lyons River	WA	E09/2098	100%
Lyons River	WA	E09/2102	100%
Lyons River	WA	E09/2304	100%
Lyons River	WA	E09/2305	100%
Lyons River	WA	E09/2312	100%
Lyons River	WA	E09/2680	100%
Namban	WA	E70/4694	100%
Namban	WA	E70/4928	100%
Namban	WA	E70/5702	100%
Namban	WA	E70/5494	100%
Namban	WA	E70/5502	100%
Namban	WA	E70/5604	100%

Note: All the Tenement Licences are granted, apart from E09/2680

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

DALAROO METALS LTD

ABN

23 648 476 699

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-385	-1,365
(b) development	-	-
(c) production	-	-
(d) staff costs	-127	-437
(e) administration and corporate costs	-62	-301
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	44	-16
1.9 Net cash from / (used in) operating activities	-530	-2,119

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-42
(c) property, plant and equipment	-	-8
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-50

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,005
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-561
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	4,444

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,207	402
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-530	-2,119
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-50
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	4,444

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,676	2,676

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances		
5.2	Call deposits	2,676	3,207
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,676	3,207

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	111
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	-	-
7.2	-	-
7.3	-	-
7.4	-	-
7.5	Unused financing facilities available at quarter end	
		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	-	

8. Estimated cash available for future operating activities	\$A'000
8.1	-530
8.2	-
8.3	-530
8.4	2,676
8.5	-
8.6	2,676
8.7	5.0
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer: N/A
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 July 2022

Authorised by: The Board of Dalaroo Metals Ltd
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.