Daly Resources Limited

ABN 56 664 007 621

Financial Report
For the year ended 30 June 2024

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CORPORATE DIRECTORY

Directors

Mr David Rawlings
Mr Scott Glasson
Mr William Belbin
Mr David Pennock

Company Secretary

Mr Scott Glasson

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REVIEW OF OPERATIONS

Daly Resources is an Australian exploration company exploring for zinc and copper in the world-class McArthur River Region of the Northern Territory with the view of listing on the ASX.

Broughton Project
Daly holds a large tenement package (4 applications) as first mover into a new and novel hydrocarbon-associated base metals play in the northern McArthur Basin. The region exhibits various desirable facets of a fertile sediment-hosted base metal system, including potassic-altered metalliferous basement, extensive evaporites, hydrocarbon source rocks, fluid pathways and demonstrated palaeo-oil migration into culminations along NNW-trending fault systems.

Disseminated chalcopyrite has been identified by Pacific Oil and Gas in historic petroleum wells that has been verified by Daly. The Company has identified numerous regional soil and stream sediment anomalies via data review, which have not found their way into NTGS public datasets.

Beetaloo Project
Daly holds two tenement applications in Beetaloo Basin-centred locations, encompassing numerous wells drilled by Origin Energy for unconventional petroleum. Basin-edge tenure is held by Encounter Resources that is under JV to BHP via a staged farm-in agreement to spend up to $22m over ten years.

Daly speculates that roll-over structures along major NNW-trending fault systems represent palaeo-oil traps with base metal potential.

Batten Project
Daly has one granted tenement and one application in the world class sedimentary-hosted base metals province termed the Batten Fault Zone that hosts the McArthur River HYC Zn-Pb-Ag mine and the nearby Teena Deposit (Teck Resources). Daly's tenements cover prospective geology along strike on what is interpreted to be a major controlling structure, the Bald Hills Fault. The tenements have limited historic drilling despite the obvious fertility.

Subtle synclines in the Batten Subgroup with encouraging Electromagnetic responses, which are directly analogous with Teena, are completely untested.

On 13 April 2023, Daly Resources entered into an earn-in agreement with Boadecia Resources Limited (BOA), pursuant to which, Daly Resources acquired the exclusive right to earn into 80% of EPM28125, subject to the satisfaction of certain earn-in requirements. EPM28125 and EPM28709 form the Croyden Project.

During the year, Daly Resources entered into an option agreement with Kingsreef Pty Ltd pursuant to which Daly has been granted the option to acquire 100% of the Bulman Project comprising EL31348 from Kingsreef Pty Ltd.

Corporate
On 22 November 2022, Daly Resources Pty Ltd was incorporated and subsequently acquired 100% of the issued shares of Daly Tenements Pty Ltd by way of a script for script transaction. Under the terms of the transaction, Daly Resources Pty Ltd issued 9,250,000 shares to the shareholders of Daly Tenements Pty Ltd, resulting in Daly Tenement Pty Ltd's existing shareholders acquiring 100% of Daly Resources Pty Ltd's issued capital at the date of acquisition.

On 26 March 2023, Daly Resources Pty Ltd raised $445,000 by issuing 4,550,000 at 10c each. On 24 August 2023, Daly Resources converted to a public company to become Daly Resources Limited.

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DIRECTORS' REPORT

The Directors present their report on the Group, comprising Daly Resources Limited (referred to in these financial statements as "the Company") and its wholly owned subsidiary, together with the financial report for the financial year ended 30 June 2024 and the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are noted below. Directors were in office for the entire period unless otherwise stated.

Name and independence status	Experience, qualifications, special responsibilities and other directorships
William Belbin Non-Executive Chairman Appointed: 22 November 2022 <u>Interests:</u> Shares: 1,750,000 Options: Nil	Qualification: B.Sc Geology, M.Sc Will has over 20 years' experience working in gold and base metals exploration, with extensive experience in project generation and evaluation. Will was an integral part of the Fisher East nickel sulphide discoveries as Exploration Manager for Rox Resources Limited. Previously Will has worked for Newexco on various roles. Will holds a Geology degree from UWA and a Masters of Mineral Economics from the Curtin Graduate School of Business. Will is currently the Managing Director of Metal Hawk Limited (ASX: MHK).
David Rawlings Director Appointed:22 November 2022 <u>Interests:</u> Shares: 2,750,000 Options: Nil	Qualification: B.Sc Geology (Hons), PhD David is a highly experience geologist with extensive experience in the Northern Territory, in particular the McArthur Basin. David is the former Exploration Manager of Core Lithium Ltd (ASX: CXO) for 6 years & discovered their Finniss Lithium Project in the NT.
Scott Glasson Director Appointed:22 November 2022 <u>Interests:</u> Shares: 1,750,000 Options: Nil	Qualification: B.Com, CA (Australia) Scott is a Chartered Accountant with over 20 years of experience predominantly within the resources, oil &gas and retail sectors. Scott has been involved in the accounting and financial management of exploration activities and is involved in business development, joint ventures, structuring and corporate governance. Mr Glasson is currently the Chief Financial Officer & Joint Company Secretary for Metal Hawk Limited (ASX: MHK).
David Pennock Director Appointed: 22 November 2022 <u>Interests:</u> Shares: 1,750,000 Options: Nil	David is a qualified geologist from the WA School of Mines and has over 12 years working in the exploration & resources sector. David has strong business development skills and is well connected within the resources sector. Mr Pennock is an Executive Director of Metal Hawk Limited.

COMPANY SECRETARY

Scott Glasson has held the role of Company Secretary since 22 November 2022.

DIRECTORS' MEETINGS

The small size of the Board means that Members of the Board meet informally on a regular basis to discuss company operations, risks and strategies, and as required, formalise key actions through circular resolutions.

The audit and risk management, finance and environmental functions are handled by the full Board of the Company.

PRINCIPAL ACTIVITIES

During the financial year, the principal activities of the Group consisted of exploration and evaluation of the Group's exploration tenements situated in Western Australia.

OPERATING RESULTS

The loss for the financial year ended 30 June 2024 attributable to members of Daly Resources Limited after income tax was $62,850 (2023: $179,148).

OPERATIONS REVIEW

Information on the operations of the Group and its strategies is set out in the Review of Operations at the beginning of this Financial Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no matters that significantly affected the state of affairs of the Group during the financial year, other than those matters referred to in the overview above.

DIVIDENDS

The Directors recommend that no dividend be provided for the year ended 30 June 2024 (2023: Nil).

LIKELY DEVELOPMENTS

The Group will continue to pursue the exploration and evaluation of resources over its base metals tenement interests and assess corporate growth opportunities.

ENVIRONMENTAL REGULATION

The Group is subject to significant environmental regulation in relation to its exploration activities. It aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are not aware of any breaches during the period covered by this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Group has indemnified the directors and executives of the Group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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AUDITOR

BDO Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

The Board has considered the non-audit services provided during the year by the auditor and are satisfied that the provision of these non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

EVENTS SUBSEQUENT TO REPORTING DATE

There have been no other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

PROCEEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

SHARES ISSUED ON EXERCISE OF OPTIONS

There were no options exercised during the reporting period, and nil options exercised subsequent to the end of the reporting period.

Signed in accordance with a resolution of the Directors.



Scott Glasson

Director

Dated at Perth **11/10/24**

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Remuneration of Directors

Name		Short-term employee benefits	Post Employment benefits	Share-based payments			
		Cash salary and fees	Superannuation	Shares[1]	Options	Total	Option related
		$	$	$	$	$	%
Non-Executive Directors							
William Belbin	**2024**	**-**	**-**	**-**	**-**	**-**	**-**
	2023	-	-	**25,000**	**-**	**25,000**	**-**
David Pennock	**2024**	**-**	**-**	**-**	**-**	**-**	**-**
	2023	-	-	**25,000**	**-**	**25,000**	-
Sub-total Non-Executive	**2024**	**-**	**-**	**-**	**-**	**-**	**-**
Directors' remuneration	2023	-	-	**50,000**	**-**	**50,000**	-
Executive Director							
David Rawlings	**2024**	**-**	**-**	**-**	**-**	**-**	**-**
	2023	-	-	-	-	-	-
Scott Glasson	**2024**	**-**	**-**	**-**	**-**	**-**	**-**
	2023	-	-	**25,000**	**-**	**25,000**	-
Sub-total Executive	**2024**	**-**	**-**	**-**		**-**	**-**
Directors' remuneration	2023	-	-	**25,000**	**-**	**25,000**	-
Total Directors' remuneration	**2024**	**-**	**-**	**-**	**-**	**-**	**-**
	2023	-	-	**75,000**	**-**	**75,000**	-

[1]Share-based payments made to Directors of $75,000 were granted for services performed linked to the Company's planned initial public offering. The 750,000 shares have a deemed issue price of $0.10 each.

Ordinary shares held by Directors

	Held at 1 July 2023	Purchases	Share-based payments	Exercise of options	Held at 30 June 2024
William Belbin	1,750,000	-	-	-	**1,750,000**
Scott Glasson	1,750,000	-	-	-	**1,750,000**
David Rawlings	2,750,000	-	-	-	**2,750,000**
David Pennock	1,750,000	-	-	-	**1,750,000**

During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

Cash bonuses included in remuneration
No cash bonuses were granted during 2024 (2023: nil).

Share-based remuneration granted as compensation

There was no share-based remuneration granted as compensation to key management personnel during the year.

Other transactions with Key Management Personnel

There were no other related party transactions during the year.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	2024 $	2023 $
Assets			
Cash and cash equivalents	3.1	149,941	303,254
GST receivable		1,138	9,674
Total current assets		**151,079**	**312,928**
Exploration and evaluation	4.1	224,840	182,165
Total non-current assets		**224,840**	**182,165**
Total assets		**375,919**	**495,093**
Liabilities			
Trade and other payables	3.2	23,467	79,791
Total current liabilities		**23,467**	**79,791**
Total liabilities		**23,467**	**79,791**
Net assets		**352,452**	**415,302**
Equity			
Share capital	5.1	612,500	612,500
Accumulated losses		(260,048)	(197,198)
Total equity		**352,452**	**415,302**

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

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $	2023 $
Exploration expensed		11,934	78,453
General and administrative expenses		9,943	2,550
Professional fees		40,973	22,872
Personnel expenses		-	543
Share-based payment		-	75,000
Loss before income tax		**(62,850)**	**(179,418)**
Income tax expense	2.1	-	-
Loss for the year		**(62,850)**	**(179,418)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(62,850)**	**(179,418)**

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Issued capital $	Accumulated losses $	Total $
Balance at 1 July 2023		**612,500**	**(197,198)**	**415,302**
Loss for the year		-	(62,850)	(62,850)
Other comprehensive income for the year		**-**	**-**	**-**
Total comprehensive loss for the year		**-**	**(62,850)**	**(62,850)**
Transactions with owners				
Issue of ordinary shares	5.1	-	-	-
Share-based payment transactions	6.1	-	-	-
		-	**-**	**-**
Balance at 30 June 2024		**612,500**	**(260,048)**	**352,452**

	Note	Issued capital $	Accumulated losses $	Total $
Balance at 1 July 2022		92,500	(17,780)	**74,720**
Loss for the year		-	(179,418)	(179,418)
Other comprehensive income for the year		-	-	-
Total comprehensive loss for the year		**-**	(179,418)	**(179,418)**
Transactions with owners				
Issue of ordinary shares	5.1	445,000	-	445,000
Share-based payment transactions	6.1	75,000	-	75,000
		520,000	**-**	**520,000**
Balance at 30 June 2023		**612,500**	**(197,198)**	**415,302**

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Payments to suppliers and employees		(54,162)	(3,366)
Payments for exploration expensed		(11,934)	(78,453)
Net cash used in operating activities	3.1(b)	**(66,096)**	**(81,819)**
Cash flows from investing activities			
Payments for capitalised exploration		(87,217)	(97,623)
Net cash used in investing activities		**(87,217)**	**(97,623)**
Cash flows from financing activities			
Proceeds from issue of shares		-	445,000
Net cash from financing activities		**-**	**445,000**
Net (decrease)/increase in cash and cash equivalents		(153,313)	265,558
Cash and cash equivalents at commencement of year		303,254	37,696
Cash and cash equivalents at 30 June	3.1(a)	**149,941**	**303,254**

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

SECTION 1 BASIS OF PREPARATION

The financial report of the Group comprising Daly Resources Limited and its wholly owned subsidiary for the year ended 30 June 2024.

Daly Resources Limited presents its financial statements in a format and style that is relevant and clear to shareholders and other users. In preparing the 2024 financial statements, we have grouped notes into sections under seven key categories:

1. Basis of preparation
2. Results for the year
3. Working capital disclosures
4. Assets and liabilities supporting exploration and evaluation
5. Equity and funding
6. Other disclosures

Material accounting policies specific to one note are included within that note and where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined non-material are not included in the financial statements. There have been no changes to the Group's accounting policies that are no longer disclosed in the financial statements.

1.1 GENERAL INFORMATION

The Company is a for-profit, public company domiciled in Australia. The Company's registered office is located at Level 2, 18 Kings Park Road, West Perth, WA, 6005.

The Group is primarily involved in the mineral exploration industry in Australia.

The financial statements are general purpose financial statements which:

- have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRS's) as issued by the International Accounting Standards Board;
- have been prepared on a historical cost basis, except for share-based payments which are measured at fair value. The basis of measurement is discussed further in the individual notes;
- are presented in Australian Dollars, being the Group's functional currency;
- adopts all new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2023. Refer to note 1.3 for further details; and
- does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective. Refer to note 1.3 for further details.

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1.2 MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment are included in the following notes:

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Fair value is determined with reference to the share price on grant date, based on recent historic capital raisings.

Exploration and evaluation costs

Exploration and evaluation costs are capitalised on the basis that the entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Refer note 4.1.

1.3 ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group has adopted all of new or amended Accounting Standards and Interpretations issued by the Australia Accounting Standards Board (“AASB”) that are mandatory for the current reporting period. The adoption of the new or amended Accounting Standards and Interpretations did not result in any significant changes to the Group’s accounting policies in the current or future period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the Financial Reporting period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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1.4 GOING CONCERN

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. For the year ended 30 June 2024, the Group incurred a net loss before tax of $62,850 (2023: $179,418) and had net cash outflows from operating activities of $66,096 (2023: $81,819), in conjunction with $87,217 (2023: $97,623) of exploration payments classified in investing cash flows. On 30 June 2024, the Group had net assets of $352,452 (2023: 415,302), with total cash on hand of $149,941 (2023: $303,254).

The Company is conducting a capital raise under a prospectus to raise between $6m - $8m. The ability of the Group to continue as a going concern is dependent upon the success of the fundraising under the prospectus or alternatively, financial support from its shareholders which the company can successfully raise additional capital from. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to raise additional funds to meet its debts as and when they fall due and it is appropriate for the financial report to be prepared on a going concern basis as the Group is currently in the process of preparing for an IPO. Should the IPO not proceed or be delayed, the Company may:

- Scale back certain activities that are non-essential so as to conserve cash;
- Undertake a whole or partial sale of interests in mineral exploration project, and
- Raise capital by means other than the IPO.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

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SECTION 2 RESULTS FOR THE YEAR

This section focuses on the results and performance of the Group.

2.4 INCOME TAX EXPENSE

(a) Reconciliation of effective tax rate

	2024	2023
	$	$
Loss for the period	(62,850)	(179,418)
Income tax using the Group's domestic tax rate of 25% (2023: 25%)	(15,713)	(44,855)
Non-deductible expenses	-	18,750
Unrecognised timing differences	(55,460)	(44,541)
Tax losses not brought to account	71,173	70,646
Income tax expense	-	-

All unused tax losses were incurred in Australia.

Potential future income tax benefits of up to $585,056 (2023: $300,364) attributed to tax losses have not been brought to account.

The benefit of these tax losses will only be obtained if:

i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
ii) the conditions for deductibility imposed by tax legalisation continue to be complied with;
iii) no changes in tax legislation adversely affect the Group in realising the benefit; and
iv) Satisfaction of either the continuity of ownership or the same business test.

(b) Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities have not been recognised in respect of the following items:

	2024	2023
	$	$
Deferred tax assets		
Trade and other payables	3,750	3,000
Carry forward tax losses	146,264	75,091
Total deferred tax assets	**150,014**	**78,091**
Deferred tax liabilities		
Exploration and evaluation	56,210	45,541
Total deferred tax liabilities	**56,210**	**45,541**
Net unrecognised deferred tax assets	**93,804**	**32,550**

The DTA / DTL have not been brought to account.

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SECTION 3 WORKING CAPITAL DISCLOSURES

This section focuses on the cash funding available to the Group and working capital position at year end.

3.1 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash comprises cash at bank and in hand.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(a) Reconciliation of cash recorded in Consolidated Statement of Financial Position to Statement of Cash Flows

	2024 $	2023 $
Cash and cash equivalents in the statement of cash flows	149,941	303,254

(b) Reconciliation of cash flows from operating activities

	Note	2024 $	2023 $
Cash flows from operating activities			
Loss for the year		(62,850)	(179,418)
Adjustments for:			
Equity-settled share-based payment transactions	6.1	-	75,000
Change in other receivables		8,536	(8,650)
Change in trade and other payables		(11,782)	31,249
Net cash used in operating activities		**(66,096)**	**(81,819)**

(c) Non-cash investing and financing activities

	Note	2024 $	2023 $
Equity-settled share-based payment transactions	6.1	-	75,000
		-	**75,000**

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3.2 TRADE AND OTHER PAYABLES

Accounting Policy

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

		2024	2023
		$	$
Current			
Trade payables	(i)	5,064	57,725
Other payables and accruals		18,403	22,066
		23,467	**79,791**

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms. All amounts are short-term. The net carrying amount of trade payables is considered a reasonable approximation of fair value.

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in note 6.2.

SECTION 4 ASSETS AND LIABILITIES SUPPORTING EXPLORATION AND EVALUATION

This section focuses on the assets and liabilities which form the core of the ongoing business, including those assets and liabilities which support ongoing exploration and evaluation as well as capital and other commitments existing at year end.

Key estimates and assumptions in this section

Indicators of impairment for exploration and evaluation assets

The Group has reviewed exploration and evaluation assets for indicators of impairment in accordance with AASB 6 and has concluded that capitalised exploration and evaluation expenditure was not impaired at year end. In making this evaluation, management is required to make assessments on the status of each project and the future plans towards successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

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4.1 EXPLORATION AND EVALUATION EXPENDITURE

Accounting Policy

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation costs are capitalised on the basis that the entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

	2024	2023
	$	$
Costs carried forward in respect of areas of interest		
Exploration and evaluation expenditure	224,840	182,165
Movements for the year		
Opening balance	182,165	40,000
Tenement acquisition via share-based payments[1]	-	-
Earn-in agreement[2]	-	50,000
Capitalised expenditure	42,675	92,165
	224,840	**182,165**

[1]Value of share-based payment totals $40,000 and represents shares issued as consideration for tenements acquired. The shares have a deemed issue price of $0.01 each.

[2]On 20 April 2023, the Company completed an earn-in agreement with Boadicea Resources Ltd (ASX: BOA) for the Hanns Gully lithium exploration tenement (EPM 25125) in the Croydon district of northern Queensland.

The terms of the agreement are:

- $50,000 payment to Boadicea upon execution of the earn in agreement, plus an additional $50,000 upon ASX listing of Daly Resources.
- Stage 1 – Daly to spend $500k over 2.5 years to earn 51%.
- Stage 2: Daly to spend $500k over further 2 years to earn additional 29%.
- Once all earn in conditions have been met an 80/20 joint venture is then formed between the two parties.

A total of $11,934 (2023: $78,453) has been expensed during the financial year for exploration expenditure on tenements for which tenement applications were still in progress and therefore an inability to capitalise expenditure under AASB 6 is present due to absence of tenement ownership.

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SECTION 5 EQUITY AND FUNDING

This section focuses on the debt and equity funding available to the Group at year end, most notably covering share capital, loans and borrowings.

5.1 Capital and Reserves

Share capital

	Ordinary shares			
	Number of shares		Amount in $	
	2024	**2023**	**2024**	**2023**
On issue at commencement of period	**14,550,000**	**9,250,000**	**612,500**	**92,500**
Shares issued and expensed during the period:				
Seed capital	-	-	-	-
Issue of shares for cash on 26 Mar 23	-	4,550,000	-	445,000
Share-based payments[1]	-	750,000	-	75,000
On issue at 30 June	**14,550,000**	**14,550,000**	**612,500**	**612,500**

[1]See note 6.1 for share-based payments during the year.

The holders of ordinary shares are entitled to receive dividends as declared from time and are entitled to one vote per share at meetings of the Company. Option holders cannot participate in any new share issues by the Company without exercising their options.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders (if any) and creditors and are fully entitled to any proceeds on liquidation.

All issued shares are fully paid.

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SECTION 6 OTHER DISCLOSURES

The disclosure in this section focuses on share schemes in operation and financial risk management of the Group. Other mandatory disclosures, such as details of related party transactions, can also be found here.

6.1 SHARE-BASED PAYMENT PLANS

Accounting Policy

The share option programme allows Directors, employees and consultants to receive rights to acquire shares of the Group. The grant date fair value of share-based payment awards granted to employees is recognised as a personnel expense or professional fees expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the fair value of an employee share option has been recognised as a share-based payment and the option lapses on expiry, the total amount of the share-based payment expense is transferred from the share-based payment reserve to accumulated losses.

The share-based payment expense included within the financial statements can be broken down as follows:

	2024	2023
	$	$
Expensed in personnel expenses		
Shares issued to Directors[1]	-	75,000
Expensed in Statement of Profit or Loss and Other Comprehensive Income	**-**	**75,000**
Capitalised within exploration and evaluation		
Shares issued to a Director[2]	-	-
Total capitalised	**-**	**75,000**

[1]Share-based payments made to Directors of $75,000 were granted for services performed linked to the Company's planned initial public offering. The 750,000 shares have a deemed issue price of $0.10 each.

[2]Value of share-based payment totals $40,000 and represents shares issued as consideration for tenements acquired. The 4,000,000 shares have a deemed issue price of $0.01 each.

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6.2 FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2023.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings.

The Group is not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Financial risk management objectives

The Group is exposed to market risk (including interest rate risk) and liquidity risk.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on a continuous basis to reflect changes in market conditions and the Group's activities. The Group does not trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. As there are no foreign operations or sales of commodities at present, the Group is not exposed to foreign exchange risk or commodity price risk. Fair value risk is managed by monitoring interest rate movements and limiting the duration of term deposits.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Foreign currency exchange rate risk management

The Group is not exposed to foreign currency risk.

Interest rate risk management

The Group is not exposed to interest rate risk as it presently does not have outstanding borrowings.

The Group's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

At 30 June 2024, the interest rate risk is minimal.

The Group's sensitivity to interest rates has remained constant during the year due to having minimal exposure to interest rates at the current time. The Group's only exposure to interest rates is through term deposits held with financial institutions and implicit interest calculated on lease liabilities.

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6.2 FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate funding by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

	Weighted average interest rate %	Less than 6 months $	6 months to 1 year $	1 – 5 years $
30 June 2024				
Trade and other payables	-	23,467	-	-
		23,467	**-**	**-**
30 June 2023				
Trade and other payables	-	79,791	-	-
		79,791	**-**	**-**

Fair value measurement

The Directors consider that the carrying amounts of current receivables and current payables, approximate their fair values.

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6.3 RELATED PARTIES

Accounting Policy

Key management personnel compensation

Directors' remuneration is expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

(a) Key management personnel compensation

Key management personnel compensation comprises the following:

	2024	2023
	$	$
Share-based payments – shares	-	75,000
	-	**75,000**

During the year ended 30 June 2023, the Company issued 750,000 shares to Directors of the Company for services performed linked to the Company's planned initial public offering. The shares have a deemed issue price of $0.10 each. There were no key management personnel compensation or other related party transactions during the year.

(b) Other transactions with related parties

There were no key management personnel compensation or other related party transactions during the current financial year and previous financial period.

6.4 INTERESTS IN A SUBSIDIARY

The subsidiary listed below have share capital consisting solely of ordinary shares which are held directly by the Company. The proportion of ownership interests held equals the voting rights held by the Company. The subsidiary's principal place of business is also its country of incorporation.

	Country of Incorporation	Ownership Interest Held by the Company	
		2024	2023
		%	%
Held by the Company:			
Daly Tenements Pty Ltd	Australia	100	100

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

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6.5 AUDITORS' REMUNERATION

	2024	2023
	$	$
BDO Audit Pty Ltd		
Audit and other assurance services		
Audit services	11,000	8,000
TOTAL AUDITORS' REMUNERATION	**11,000**	**8,000**

6.6 SUBSEQUENT EVENTS

There have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

6.7 COMMITMENTS AND CONTINGENCIES

Annual tenement expenditure commitments
In order to maintain current rights of tenure to mining tenements, the Group has discretionary minimum annual tenement expenditure requirements of $242,500 (2023: $170,750). This discretionary expenditure is capable of being varied from time to time in order to maintain these rights of tenure to mining tenements.

The Group had no contingent liabilities as at 30 June 2024 and 30 June 2023.

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CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Company Name	Entity Type	Country of Incorporation	Percentage Interest Held	Tax Residency
Parent Entity				
Daly Resources Limited	Body corporate	Australia	100%	Australia
Subsidiary of Daly Resources Limited				
Daly Tenements Pty Ltd	Body corporate	Australia	100%	Australia

Basis of preparation

The Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001*. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

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DIRECTORS' DECLARATION

1. In the opinion of the Directors of Daly Resources Limited (the "Company"):

   (a) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year then ended; and

      (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.

   (b) Subject to the matters described in note 1.4, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

   (d) the information disclosed in the consolidated entity disclosure statement is true and correct.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2024.

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

Scott Glasson
Director

Dated at Perth **11/10/24**

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF DALY RESOURCES LIMITED

As lead auditor of Daly Resources Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Daly Resources Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit Pty Ltd

Perth

11 October 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of Daly Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Daly Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 1.4 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 Group or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd



Dean Just

Director

Perth, 11 October 2024

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Daly Resources Limited

ABN 56 664 007 621

Financial Report
For the year ended 30 June 2025

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CORPORATE DIRECTORY

Directors

Mr William Belbin
Mr Scott Glasson
Mr David Pennock
Mr Michael Edwards (appointed on 9 February 2026)
Mr David Rawlings (resigned on 2 March 2026)

Company Secretary

Mr Scott Glasson (resigned on 3 March 2026)
Mr Chris Marshall (appointed on 3 March 2026)

Registered and Principal Office

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Auditor

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REVIEW OF OPERATIONS

Daly Resources is an Australian exploration company exploring for Fluorite, Copper in the world-class McArthur River Region of the Northern Territory with the view of listing on the ASX.

Huckitta Project
During October 2024 Daly Signed an agreement with Sandfire Resources to acquire tenure in the emerging Georgina Basin province with coincidence of all desirables for sedimentary-hosted copper and advanced high-grade fluorite prospects with walk-up drill targets along strike from Tivan Ltd's (> $500m MC) Sandover Project.

Broughton Project
Daly holds a large tenement package as first mover into a new and novel hydrocarbon-associated base metals play in the northern McArthur Basin. The region exhibits various desirable facets of a fertile sediment-hosted base metal system, including potassic-altered metalliferous basement, extensive evaporites, hydrocarbon source rocks, fluid pathways and demonstrated palaeo-oil migration into culminations along NNW-trending fault systems.

Disseminated chalcopyrite has been identified by Pacific Oil and Gas in historic petroleum wells that has been verified by Daly. The Company has identified numerous regional soil and stream sediment anomalies via data review, which have not found their way into NTGS public datasets.

Beetaloo Project
Daly holds two tenement applications in Beetaloo Basin-centred locations, encompassing numerous wells drilled by Origin Energy for unconventional petroleum.

Daly speculates that roll-over structures along major NNW-trending fault systems represent palaeo-oil traps with base metal potential.

Batten Project
Daly has 4 granted tenements in the world class sedimentary-hosted base metals province termed the Batten Fault Zone that hosts the McArthur River HYC Zn-Pb-Ag mine and the nearby Teena Deposit (Teck Resources). Daly's tenements cover prospective geology along strike on what is interpreted to be a major controlling structure, the Bald Hills Fault. The tenements have limited historic drilling despite the obvious fertility.

Subtle synclines in the Batten Subgroup with encouraging Electromagnetic responses, which are directly analogous with Teena, are completely untested.

Corporate
During the year, the Company successfully raised $435,000 in seed capital through the issue of 5,950,000 fully paid ordinary shares.

Subsequent to 30 June 2025, the Company raised $110,000 by issuing 2,200,000 fully paid ordinary shares at 5c per share.

The Company is currently underway with the preparation for an IPO in Q2 of 2026. It is seeking to raise $10m at 25c. As part of the lead up to IPO, in January 2026 and February 2026, the Company has raised $200,000 in seed at an issue price of 5c, issuing 4,000,000 shares. It has appointed Euroz Hartleys to manage the raise.

Mr David Rawlings resigned as Director on 2 March 2026 and Mr Michael Edwards joined the Board as Executive Chairman on 9 February 2026.

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DIRECTORS' REPORT

The Directors present their report on the Group, comprising Daly Resources Limited (referred to in these financial statements as "the Company") and its wholly owned subsidiary, together with the financial report for the financial year ended 30 June 2025 and the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are noted below. Directors were in office for the entire period unless otherwise stated.

Name and independence status	Experience, qualifications, special responsibilities and other directorships
William Belbin Non-Executive Chairman Appointed: 22 November 2022 <u>Interests:</u> Shares: 2,300,000 Options: Nil	Qualification: B.Sc Geology, M.Sc Will has over 20 years' experience working in gold and base metals exploration, with extensive experience in project generation and evaluation. Will was an integral part of the Fisher East nickel sulphide discoveries as Exploration Manager for Rox Resources Limited. Previously Will has worked for Newexco on various roles. Will holds a Geology degree from UWA and a Masters of Mineral Economics from the Curtin Graduate School of Business. Will is currently the Managing Director of Metal Hawk Limited (ASX: MHK).
David Rawlings Director Appointed: 22 November 2022 Resigned: 2 March 2026 <u>Interests:</u> Shares: 3,450,000 Options: Nil	Qualification: B.Sc Geology (Hons), PhD David is a highly experience geologist with extensive experience in the Northern Territory, in particular the McArthur Basin. David is the former Exploration Manager of Core Lithium Ltd (ASX: CXO) for 6 years & discovered their Finniss Lithium Project in the NT.
Scott Glasson Director Appointed: 22 November 2022 <u>Interests:</u> Shares: 2,300,000 Options: Nil	Qualification: B.Com, CA (Australia) Scott is a Chartered Accountant with over 20 years of experience predominantly within the resources, oil &gas and retail sectors. Scott has been involved in the accounting and financial management of exploration activities and is involved in business development, joint ventures, structuring and corporate governance. Mr Glasson is currently the Chief Financial Officer & Joint Company Secretary for Metal Hawk Limited (ASX: MHK).
David Pennock Director Appointed: 22 November 2022 <u>Interests:</u> Shares: 2,450,000 Options: Nil	David is a qualified geologist from the WA School of Mines and has over 12 years working in the exploration & resources sector. David has strong business development skills and is well connected within the resources sector. Mr Pennock is an Executive Director of Metal Hawk Limited.

DIRECTORS (CONT'D)

Name and independence status	Experience, qualifications, special responsibilities and other directorships
Michael Edwards Director Appointed: 9 February 2026 Interests: Shares: 600,000 Options: Nil	Qualification: B.Bus, B.Sc Geology Michael Edwards is a Geologist and Economist with over 25 years' experience in senior management roles within both the public and private sectors. Michael worked for Barclays Australia in their Commercial and Corporate Finance department before returning to university to complete a Bachelor of Science Geology. Michael then spent eight years as an Exploration and Mine Geologist, principally working in Australia with a focus on Archaean gold and base metals. Michael is currently Non-Executive Director of De.mem Limited, Javelin Minerals Ltd, and Non-Executive Chairman of Somerset Minerals Ltd and Metal Hawk Limited.

COMPANY SECRETARY

Scott Glasson has held the role of Company Secretary since 22 November 2022 and resigned from the position effective 3 March 2026. Chris Marshall was appointed as Company Secretary effective 3 March 2026.

DIRECTORS' MEETINGS

The small size of the Board means that members of the Board meet informally on a regular basis to discuss company operations, risks and strategies, and as required, formalise key actions through circular resolutions.

The audit and risk management, finance and environmental functions are handled by the full Board of the Company.

PRINCIPAL ACTIVITIES

During the financial year, the principal activities of the Group consisted of exploration and evaluation of the Group's exploration tenements situated in Australia.

OPERATING RESULTS

The loss for the financial year ended 30 June 2025 attributable to members of Daly Resources Limited after income tax was $352,743 (2024: $62,850).

OPERATIONS REVIEW

Information on the operations of the Group and its strategies is set out in the Review of Operations at the beginning of this Financial Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no matters that significantly affected the state of affairs of the Group during the financial year, other than those matters referred to in the overview above.

DIVIDENDS

The Directors recommend that no dividend be provided for the year ended 30 June 2025 (2024: Nil).

LIKELY DEVELOPMENTS

The Group will continue to pursue the exploration and evaluation of resources over its base metals tenement interests and assess corporate growth opportunities via an IPO in Q2 2026.

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ENVIRONMENTAL REGULATION

The Group is subject to significant environmental regulation in relation to its exploration activities. It aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are not aware of any breaches during the period covered by this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Group has indemnified the directors and executives of the Group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

No insurance premiums have been paid, during or since the end of the financial year, for any person who is or has been an officer or executive of the Group.

AUDITOR

The current financial year auditor is Hall Chadwick WA Audit Pty Ltd in accordance with section 327 of the *Corporations Act 2001*. The previous financial year auditor was BDO Audit Pty Ltd.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

The Board has considered the non-audit services provided during the year by the auditor and are satisfied that the provision of these non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2025, the Company raised $110,000 by issuing 2,200,000 fully paid ordinary shares at 5c per share.

In January 2026, the Company raised $5,000 through the issue of 100,000 shares at $0.05 per share.

In February 2026, the Company raised a further $195,000 through the issue of 3,900,000 shares at $0.05 per share.

Mr David Rawlings resigned as Director on 2 March 2026, and Mr Michael Edwards joined the Board as Executive Chairman on 9 February 2026.

There have been no other matters or circumstances that have arisen since the end of the financial period that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

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PROCEEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

SHARES ISSUED ON EXERCISE OF OPTIONS

There were no options exercised during the reporting period, and nil options exercised subsequent to the end of the reporting period.

Signed in accordance with a resolution of the Directors.



Scott Glasson

Director

Dated at Perth
3 March 2026

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DALY RESOURCES LIMITED
REMUNERATION REPORT
For the year ended 30 June 2025

Remuneration of Directors

Name		Short-term employee benefits	Post Employment benefits	Share-based payments		Total	Option related
		Cash salary and fees $	Superannuation $	Shares[1] $	Options $	$	%
Non-Executive Directors							
William Belbin	**2025**	**-**	**-**	**25,000**	**-**	**25,000**	**-**
	2024	-	-	-	-	-	-
David Pennock	**2025**	**-**	**-**	**25,000**	**-**	**25,000**	**-**
	2024	-	-	-	-	-	-
Sub-total Non-Executive	**2025**	**-**	**-**	**50,000**		**50,000**	**-**
Directors' remuneration	2024	-	-	-	-	-	-
Executive Director							
David Rawlings	**2025**	**-**	**-**	**25,000**	**-**	**25,000**	**-**
	2024	-	-	-	-	-	-
Scott Glasson	**2025**	**-**	**-**	**25,000**	**-**	**25,000**	**-**
	2024	-	-	-	-	-	-
Sub-total Executive	**2025**	**-**	**-**	**50,000**		**50,000**	**-**
Directors' remuneration	2024	-	-	-		-	-
Total Directors' remuneration	**2025**	**-**	**-**	**100,000**	**-**	**100,000**	**-**
	2024	-	-	-		-	-

[1]Share-based payments made to Directors of $100,000 were granted for services performed linked to the Company's planned initial public offering. The 2,000,000 shares have a deemed issue price of $0.05 each.

Ordinary shares held by Directors

	Held at 1 July 2024	Purchases	Share-based payments	Held at 30 June 2025	Purchases	Held at date of report
William Belbin	1,750,000	50,000	500,000	**2,300,000**	-	**2,300,000**
Scott Glasson	1,750,000	50,000	500,000	**2,300,000**	-	**2,300,000**
David Rawlings	2,750,000	200,000	500,000	**3,450,000**	-	**3,450,000**
David Pennock	1,750,000	100,000	500,000	**2,350,000**	100,000	**2,450,000**
Michael Edwards	-	-	-	**-**	600,000	**600,000**

During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

Cash bonuses included in remuneration
No cash bonuses were granted during 2025 (2024: nil).

Share-based remuneration granted as compensation

During the year ended 30 June 2025, the Company issued 2,000,000 shares to Directors of the Company for services performed linked to the Company's planned initial public offering. The shares have a deemed issue price of $0.05 each. There were no other key management personnel compensation during the year.

Other transactions with Key Management Personnel

During the year, the Company paid $14,335 to David Rawlings for geological services and $1,240 to a company associated with the Directors, Metal Hawk Limited for geochemistry expenses (2024: Nil).

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025 $	2024 $
Assets			
Cash and cash equivalents	3.1	36,326	149,941
GST receivable		11,367	1,138
Total current assets		**47,693**	**151,079**
Exploration and evaluation	4.1	1,711,708	224,840
Total non-current assets		**1,711,708**	**224,840**
Total assets		**1,759,401**	**375,919**
Liabilities			
Trade and other payables	3.2	24,692	23,467
Total current liabilities		**24,692**	**23,467**
Total liabilities		**24,692**	**23,467**
Net assets		**1,734,709**	**352,452**
Equity			
Share capital	5.1	2,347,500	612,500
Accumulated losses		(612,791)	(260,048)
Total equity		**1,734,709**	**352,452**

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

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 $	2024 $
Other income		6,818	-
Exploration expensed		(28,720)	(11,934)
Capitalised exploration impaired	4.1	(103,576)	-
Legal expenses		(75,112)	(15,053)
Prospectus costs		(10,629)	(9,180)
Professional fees		(37,204)	(16,740)
Share-based payments	6.1	(100,000)	-
General and administrative expenses		(4,320)	(9,943)
Loss before income tax		**(352,743)**	**(62,850)**
Income tax expense	2.1	-	-
Loss for the year		**(352,743)**	**(62,850)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(352,743)**	**(62,850)**
Loss per share			
Basic and diluted (cents per share)	2.2	(1.44)	(0.43)

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	Issued capital $	Accumulated losses $	Total $
Balance at 1 July 2024		**612,500**	**(260,048)**	**352,452**
Loss for the year		-	(352,743)	**(352,743)**
Other comprehensive income for the year		**-**	**-**	**-**
Total comprehensive loss for the year		**-**	**(352,743)**	**(352,743)**
Transactions with owners				
Issue of ordinary shares	5.1	435,000	-	435,000
Share-based payment transactions	6.1	1,300,000	-	1,300,000
		1,735,000	**-**	**1,735,000**
Balance at 30 June 2025		**2,347,500**	**(612,791)**	**1,734,709**

	Note	Issued capital $	Accumulated losses $	Total $
Balance at 1 July 2023		**612,500**	**(197,198)**	**415,302**
Loss for the year		-	(62,850)	(62,850)
Other comprehensive income for the year		**-**	**-**	**-**
Total comprehensive loss for the year		**-**	**(62,850)**	**(62,850)**
Balance at 30 June 2024		**612,500**	**(260,048)**	**352,452**

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 $	2024 $
Cash flows from operating activities			
Payments to suppliers and employees		(129,451)	(54,162)
Payments for exploration expensed		(28,720)	(11,934)
Net cash used in operating activities	3.1(b)	**(158,171)**	**(66,096)**
Cash flows from investing activities			
Payments for capitalised exploration		(390,444)	(87,217)
Net cash used in investing activities		**(390,444)**	**(87,217)**
Cash flows from financing activities			
Proceeds from issue of shares		435,000	-
Net cash from financing activities		**435,000**	**-**
Net decrease in cash and cash equivalents		(113,615)	(153,313)
Cash and cash equivalents at commencement of year		149,941	303,254
Cash and cash equivalents at 30 June	3.1(a)	**36,326**	**149,941**

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

SECTION 1 BASIS OF PREPARATION

The financial report of the Group comprising Daly Resources Limited and its wholly owned subsidiary for the year ended 30 June 2025.

Daly Resources Limited presents its financial statements in a format and style that is relevant and clear to shareholders and other users. In preparing the 2025 financial statements, we have grouped notes into sections under seven key categories:

1. Basis of preparation
2. Results for the year
3. Working capital disclosures
4. Assets and liabilities supporting exploration and evaluation
5. Equity and funding
6. Other disclosures

Material accounting policies specific to one note are included within that note and where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined non-material are not included in the financial statements. There have been no changes to the Group's accounting policies that are no longer disclosed in the financial statements.

1.1 GENERAL INFORMATION

The Company is a for-profit, public company domiciled in Australia. The Company's registered office is located at Level 1, 1292 Hay Street, West Perth, WA, 6005.

The Group is primarily involved in the mineral exploration industry in Australia.

The financial statements are general purpose financial statements which:

- have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRS's) as issued by the International Accounting Standards Board;
- have been prepared on a historical cost basis, except for share-based payments which are measured at fair value. The basis of measurement is discussed further in the individual notes;
- are presented in Australian Dollars, being the Group's functional currency;
- adopts all new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2024. Refer to note 1.3 for further details; and
- does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective. Refer to note 1.3 for further details.

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1.2 MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment are included in the following notes:

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Fair value is determined with reference to the share price on grant date, based on recent historic capital raisings.

Exploration and evaluation costs

Exploration and evaluation costs are capitalised on the basis that the entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Refer note 4.1.

1.3 ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group has adopted all of new or amended Accounting Standards and Interpretations issued by the Australia Accounting Standards Board (“AASB”) that are mandatory for the current reporting period. The adoption of the new or amended Accounting Standards and Interpretations did not result in any significant changes to the Group’s accounting policies in the current or future period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the Financial Reporting period ended 30 June 2025. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

AASB 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted.

The standard replaces AASB 101 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

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1.4 GOING CONCERN

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. For the year ended 30 June 2025, the Group incurred a net loss before tax of $352,743 (2024: $62,850) and had net cash outflows from operating activities of $158,171 (2024: $66,096), in conjunction with $390,444 (2024: $87,217) of exploration payments classified in investing cash flows. On 30 June 2025, the Group had net assets of $1,734,709 (2024: $352,452), with total cash on hand of $36,326 (2024: $149,941).

Subsequent to 30 June 2025, the Company raised $110,000 by issuing 2,200,000 fully paid ordinary shares at 5c per share. In January 2026, the Company raised $5,000 through the issue of 100,000 shares at $0.05 per share. In February 2026, the Company raised a further $195,000 through the issue of 3,900,000 shares at $0.05 per share.

The Company is conducting a capital raise under a prospectus to raise $10m. The ability of the Group to continue as a going concern is dependent upon the success of the fundraising under the prospectus or alternatively, financial support from its shareholders which the Company can successfully raise additional capital from.

These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to raise additional funds to meet its debts as and when they fall due and it is appropriate for the financial report to be prepared on a going concern basis as the Group is currently in the process of preparing for an IPO. Should the IPO not proceed or be delayed, the Company may:

- Scale back certain activities that are non-essential so as to conserve cash;
- Undertake a whole or partial sale of interests in mineral exploration project, and
- Raise capital by means other than the IPO.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

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SECTION 2 RESULTS FOR THE YEAR

This section focuses on the results and performance of the Group.

2.1 INCOME TAX EXPENSE

(a) Reconciliation of effective tax rate

	2025	2024
	$	$
Loss for the year	(352,743)	(62,850)
Income tax using the Group's domestic tax rate of 25% (2024: 25%)	(88,186)	(15,713)
Non-deductible expenses	25,000	-
Unrecognised timing differences	(45,823)	(55,460)
Tax losses not brought to account	109,009	71,173
Income tax expense	-	-

All unused tax losses were incurred in Australia.

Potential future income tax benefits of up to $636,456 (2024: $200,420) attributed to tax losses have not been brought to account.

The benefit of these tax losses will only be obtained if:

i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
ii) the conditions for deductibility imposed by tax legalisation continue to be complied with;
iii) no changes in tax legislation adversely affect the Group in realising the benefit; and
iv) Satisfaction of either the continuity of ownership or the same business test.

(b) Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities have not been recognised in respect of the following items:

	2025	2024
	$	$
Deferred tax assets		
Trade and other payables	2,750	3,750
Carry forward tax losses	159,114	146,264
Total deferred tax assets	**161,864**	**150,014**
Deferred tax liabilities		
Exploration and evaluation	(45,823)	(56,210)
Total deferred tax liabilities	**(45,823)**	**(56,210)**
Net unrecognised deferred tax assets	**116,041**	**93,804**

The DTA / DTL have not been brought to account.

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2.2 LOSS PER SHARE

Basic and diluted loss per share

Loss per share is the amount of post-tax loss attributable to each share.

The calculation of basic loss per share at 30 June 2025 has been based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Diluted loss per share takes account of the dilutive effect of all potential ordinary shares, being share options and performance rights on issue.

Loss per share attributable to ordinary shareholders

	2025	2024
Net loss attributable to ordinary shareholders - **$**	(352,743)	(62,850)
Weighted average number of ordinary shares at 30 June	**24,428,493**	**14,550,000**
Basic and diluted loss per share (cents)	(1.44)	(0.43)

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SECTION 3 WORKING CAPITAL DISCLOSURES

This section focuses on the cash funding available to the Group and working capital position at year end.

3.1 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash comprises cash at bank and in hand.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(a) Reconciliation of cash recorded in Consolidated Statement of Financial Position to Statement of Cash Flows

	2025	2024
	$	$
Cash and cash equivalents in the statement of cash flows	36,326	149,941

(b) Reconciliation of cash flows from operating activities

	Note	2025	2024
		$	$
Cash flows from operating activities			
Loss for the year		(352,743)	(62,850)
Add: Share-based payments		100,000	-
Add: Capitalised exploration impaired		103,576	-
Adjustments for:			
Change in other receivables		(10,229)	8,536
Change in trade and other payables		1,225	(11,782)
Net cash used in operating activities		**(158,171)**	**(66,096)**

(c) Non-cash investing and financing activities

	Note	2025	2024
		$	$
Equity-settled share-based payment transactions	6.1	1,300,000	-
		1,300,000	**-**

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3.2 TRADE AND OTHER PAYABLES

Accounting Policy

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

		2025	2024
		$	$
Current			
Trade payables	(i)	10,290	5,064
Other payables and accruals		14,402	18,403
		24,692	**23,467**

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms. All amounts are short-term. The net carrying amount of trade payables is considered a reasonable approximation of fair value.

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in note 6.2.

SECTION 4 ASSETS AND LIABILITIES SUPPORTING EXPLORATION AND EVALUATION

This section focuses on the assets and liabilities which form the core of the ongoing business, including those assets and liabilities which support ongoing exploration and evaluation as well as capital and other commitments existing at year end.

Key estimates and assumptions in this section

Indicators of impairment for exploration and evaluation assets

The Group has reviewed exploration and evaluation assets for indicators of impairment in accordance with AASB 6 and has concluded that capitalised exploration and evaluation expenditure was not impaired at year end. In making this evaluation, management is required to make assessments on the status of each project and the future plans towards successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

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4.1 EXPLORATION AND EVALUATION EXPENDITURE

Accounting Policy

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation costs are capitalised on the basis that the entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

	2025	2024
	$	$
Costs carried forward in respect of areas of interest		
Exploration and evaluation expenditure	1,711,708	224,840
Movements for the year		
Opening balance	224,840	182,165
Tenements acquisition via share-based payments[1]	1,200,000	-
Capitalised expenditure	390,444	42,675
Capitalised exploration impaired[2]	(103,576)	-
	1,711,708	**224,840**

[1]Value of share-based payment totals $1,200,000 and represents 12,000,000 shares issued to Sandfire Resources Ltd as consideration for the acquisition of the Hukkitta and North Batten projects. The shares have a deemed issue price of $0.10 each.

[2]Capitalised exploration impaired due to tenements dropped.

A total of $28,720 (2024: $11,934) has been expensed during the financial year for exploration expenditure on tenements for which tenement applications were still in progress and therefore an inability to capitalise expenditure under AASB 6 is present due to absence of tenement ownership.

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SECTION 5 EQUITY AND FUNDING

This section focuses on the debt and equity funding available to the Group at year end, most notably covering share capital, loans and borrowings.

5.1 Capital and Reserves

Share capital

	Ordinary shares			
	Number of shares		Amount in $	
	2025	**2024**	**2025**	**2024**
On issue at commencement of year	**14,550,000**	**14,550,000**	**612,500**	**612,500**
Shares issued and expensed during the year:				
Seed capital @ 10c in September 2024	600,000	-	60,000	-
Seed capital @ 10c in December 2024	2,150,000	-	215,000	-
Seed capital @ 5c Feb 25 – June 25	3,200,000	-	160,000	-
Share based payments[1]	14,000,000	-	1,300,000	-
On issue at 30 June	**34,500,000**	**14,550,000**	**2,347,500**	**612,500**

[1]See note 6.1 for share-based payments during the year.

The holders of ordinary shares are entitled to receive dividends as declared from time and are entitled to one vote per share at meetings of the Company. Option holders cannot participate in any new share issues by the Company without exercising their options.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders (if any) and creditors and are fully entitled to any proceeds on liquidation.

All issued shares are fully paid.

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SECTION 6 OTHER DISCLOSURES

The disclosure in this section focuses on share schemes in operation and financial risk management of the Group. Other mandatory disclosures, such as details of related party transactions, can also be found here.

6.1 SHARE-BASED PAYMENT PLANS

Accounting Policy

The share option programme allows Directors, employees and consultants to receive rights to acquire shares of the Group. The grant date fair value of share-based payment awards granted to employees is recognised as a personnel expense or professional fees expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the fair value of an employee share option has been recognised as a share-based payment and the option lapses on expiry, the total amount of the share-based payment expense is transferred from the share-based payment reserve to accumulated losses.

The share-based payment expense included within the financial statements can be broken down as follows:

	2025	2024
	$	$
Expensed in share-based payments expense		
Shares issued to Directors[1]	100,000	-
Expensed in Statement of Profit or Loss and Other Comprehensive Income	**100,000**	**-**
Capitalised within exploration and evaluation		
Shares issued to Sandfire Resources Ltd[2]	1,200,000	-
Total capitalised	**1,200,000**	**-**

[1] Share-based payments made to Directors of $100,000 were granted for services performed linked to the Company's planned initial public offering. The 2,000,000 shares have a deemed issue price of $0.05 each.

[2] During the year ended 30 June 2025, Sandfire Resources Ltd were issued 12,000,000 fully paid ordinary shares of the Company for the sale of the Hukkitta and North Batten projects to the Company. Value of share-based payment totals $1,200,000 and represents shares issued as consideration for tenements acquired. The 12,000,000 shares have a deemed issue price of $0.10 each.

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6.2 FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2024.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings.

The Group is not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Financial risk management objectives

The Group is exposed to market risk (including interest rate risk) and liquidity risk.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on a continuous basis to reflect changes in market conditions and the Group's activities. The Group does not trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. As there are no foreign operations or sales of commodities at present, the Group is not exposed to foreign exchange risk or commodity price risk. Fair value risk is managed by monitoring interest rate movements and limiting the duration of term deposits.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Foreign currency exchange rate risk management

The Group is not exposed to foreign currency risk.

Interest rate risk management

The Group is not exposed to interest rate risk as it presently does not have outstanding borrowings.

The Group's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

At 30 June 2025, the interest rate risk is minimal.

The Group's sensitivity to interest rates has remained constant during the year due to having minimal exposure to interest rates at the current time. The Group's only exposure to interest rates is through term deposits held with financial institutions and implicit interest calculated on lease liabilities.

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6.2 FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate funding by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

	Weighted average interest rate %	Less than 6 months $	6 months to 1 year $	1 – 5 years $
30 June 2025				
Trade and other payables	-	24,692	-	-
		24,692	**-**	**-**
30 June 2024				
Trade and other payables	-	23,467	-	-
		23,467	**-**	**-**

Fair value measurement

The Directors consider that the carrying amounts of current receivables and current payables, approximate their fair values.

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6.3 RELATED PARTIES

Accounting Policy

Key management personnel compensation

Directors' remuneration is expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

(a) Key management personnel compensation

Key management personnel compensation comprises the following:

	2025 $	2024 $
Share-based payments – shares	100,000	-
	100,000	**-**

During the year ended 30 June 2025, the Company issued 2,000,000 shares to Directors of the Company for services performed linked to the Company's planned initial public offering. The shares have a deemed issue price of $0.05 each. There were no other key management personnel compensation during the year.

(b) Other transactions with related parties

During the year, the Company paid $14,335 to David Rawlings for geological services and $1,240 to a company associated with the Directors, Metal Hawk Limited, for geochemistry expenses (2024: Nil).

6.4 INTERESTS IN SUBSIDIARIES

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Company. The proportion of ownership interests held equals the voting rights held by the Company. The subsidiaries principal place of business is also its country of incorporation.

	Country of Incorporation	Ownership Interest Held by the Company	
		2025 %	2024 %
Held by the Company:			
Daly Tenements Pty Ltd	Australia	100	100
Glyde River Pty Ltd	Australia	100	-

Subsidiaries financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

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6.5 AUDITORS' REMUNERATION

	2025	2024
	$	$
Audit and other assurance services		
Audit services - BDO Audit Pty Ltd	-	11,000
Audit services – Hall Chadwick WA Audit Pty Ltd	11,000	-
TOTAL AUDITORS' REMUNERATION	**11,000**	**11,000**

6.6 SUBSEQUENT EVENTS

Subsequent to 30 June 2025, the Company raised $110,000 by issuing 2,200,000 fully paid ordinary shares at 5c per share.

In January 2026, the Company raised $5,000 through the issue of 100,000 shares at $0.05 per share.

In February 2026, the Company raised a further $195,000 through the issue of 3,900,000 shares at $0.05 per share.

Mr David Rawlings resigned as Director on 2 March 2026 and Mr Michael Edwards joined the Board as Executive Chairman on 9 February 2026.

There have been no other matters or circumstances that have arisen since the end of the financial period that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

6.7 COMMITMENTS AND CONTINGENCIES

Annual tenement expenditure commitments
In order to maintain current rights of tenure to mining tenements, the Group has discretionary minimum annual tenement expenditure requirements of $413,265 (2024: $242,500). This discretionary expenditure is capable of being varied from time to time in order to maintain these rights of tenure to mining tenements.

The Group had no contingent liabilities as at 30 June 2025 and 30 June 2024.

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CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Company Name	Entity Type	Country of Incorporation	Percentage Interest Held	Tax Residency
Parent Entity				
Daly Resources Limited	Body corporate	Australia	100%	Australia
Subsidiary of Daly Resources Limited				
Daly Tenements Pty Ltd	Body corporate	Australia	100%	Australia
Glyde River Pty Ltd	Body corporate	Australia	100%	Australia

Basis of preparation

The Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001*. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

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DIRECTORS' DECLARATION

1. In the opinion of the Directors of Daly Resources Limited (the "Company"):

   (a) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the year then ended; and

      (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.

   (b) Subject to the matters described in note 1.4, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

   (d) the information disclosed in the consolidated entity disclosure statement is true and correct.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2025.

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



Scott Glasson
Director

Dated at Perth
3 March 2026

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HALL CHADWICK

To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the audit of the financial statements of Daly Resources Limited for the period ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully





HALL CHADWICK WA AUDIT PTY LTD

MICHAEL HILLGROVE FCA
Director

Dated this 3rd day of March 2026
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DALY RESOURCES LIMITED

Opinion

We have audited the financial report of Daly Resources Limited("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2025 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity 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* (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 1.4 in the financial report which indicates that the Consolidated Entity incurred a net loss of $352,743 during the year ended 30 June 2025. As stated in Note 1.4, these events or conditions, along with other matters as set forth in Note 1.4, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1.1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity'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 Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 the 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.

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- 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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HALL CHADWICK WA AUDIT PTY LTD

MICHAEL HILLGROVE FCA
Director

Dated this 3rd day of March 2026
Perth, Western Australia