ASX RELEASE 25 OCTOBER 2021

Exploration Update – PGEs at Innouendy

- **PGE anomaly in drilling and soils at Innouendy**
    - **40m @ 0.17g/t Pt+Pd (PGE) in Hole INRD008, on the edge of a 2km x 800m Chrome-PGE soil anomaly**
- **Program of work approved, and Heritage Agreement signed for Belele and Dingo Pass. Heritage surveys being scheduled prior to drilling**
- **Regional soil sampling program 75% complete**
- **Desert Metals wins competitive grant for co-funded drilling at Dingo Pass through state government Exploration Incentive Scheme (EIS)**

Desert Metals Limited ("Desert" or the "Company") would like to provide an update on ongoing exploration activities

Innouendy PGE Anomaly

Final assays received for hole INRD008 at Innouendy returned 40m of highly anomalous PGEs coincident with high Chrome (Cr) within a weathered ultramafic unit. Within the 40m zone a higher grade interval 2m of 0.59g/t Pt+Pd and 1870ppm Cr was returned from 27-29m.

The high chrome coincident with the PGEs has led Desert to re-rate the significance of a large (>2km strike length, up to 800m wide) chrome anomaly in historic soil geochemistry to the west of the drilling (Figure 1). The historic soil survey did not assay for PGEs.

Two orientation traverses of soil samples were taken to test for PGEs in soils. Recently received soil assays confirm a coincident PGE anomaly with the chrome and that both chrome and PGE values are significantly higher in recent drilling than in soils, as would be expected. The highest PGE values are on the western flank of the PGE/Cr anomaly, 400m west of the drilling. This western PGE anomaly is also coincident with a zone of more conductive rocks identified in airborne EM data and historic rock chip samples of up to 1290ppm Nickel (Figure 2).

The relatively anomalous soil PGE values may be highly significant and suggest that that the most prospective and potentially higher grade part of the Innouendy project may be 400m to the west of current drilling, where magmatic massive sulphides have been intersected in mafic intrusive rocks. They also suggest the primary target at Innouendy may be PGEs where the highest grade is not necessarily associated with massive sulphide.

Desert intends to test this target with Aircore drilling initially.

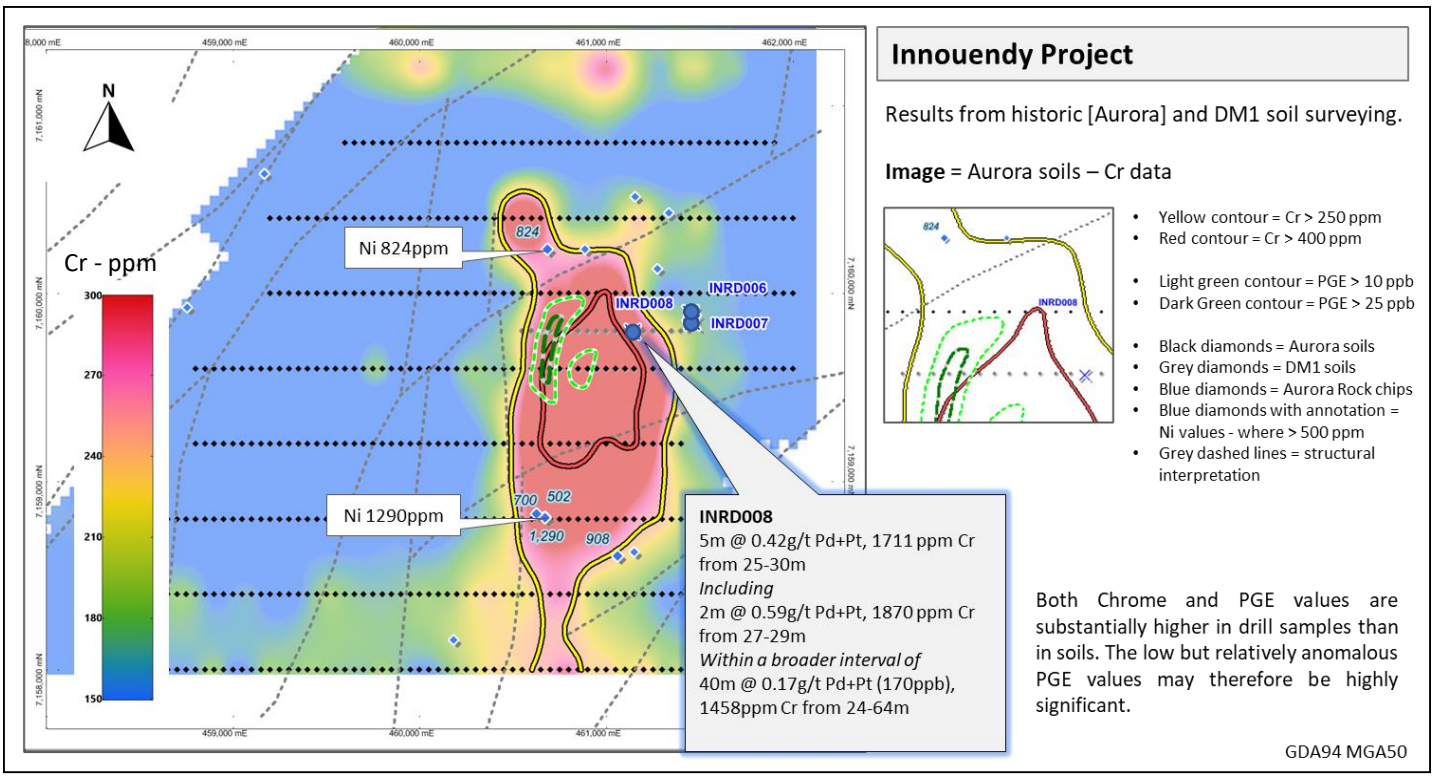

Figure 1. Soils data at Innouendy

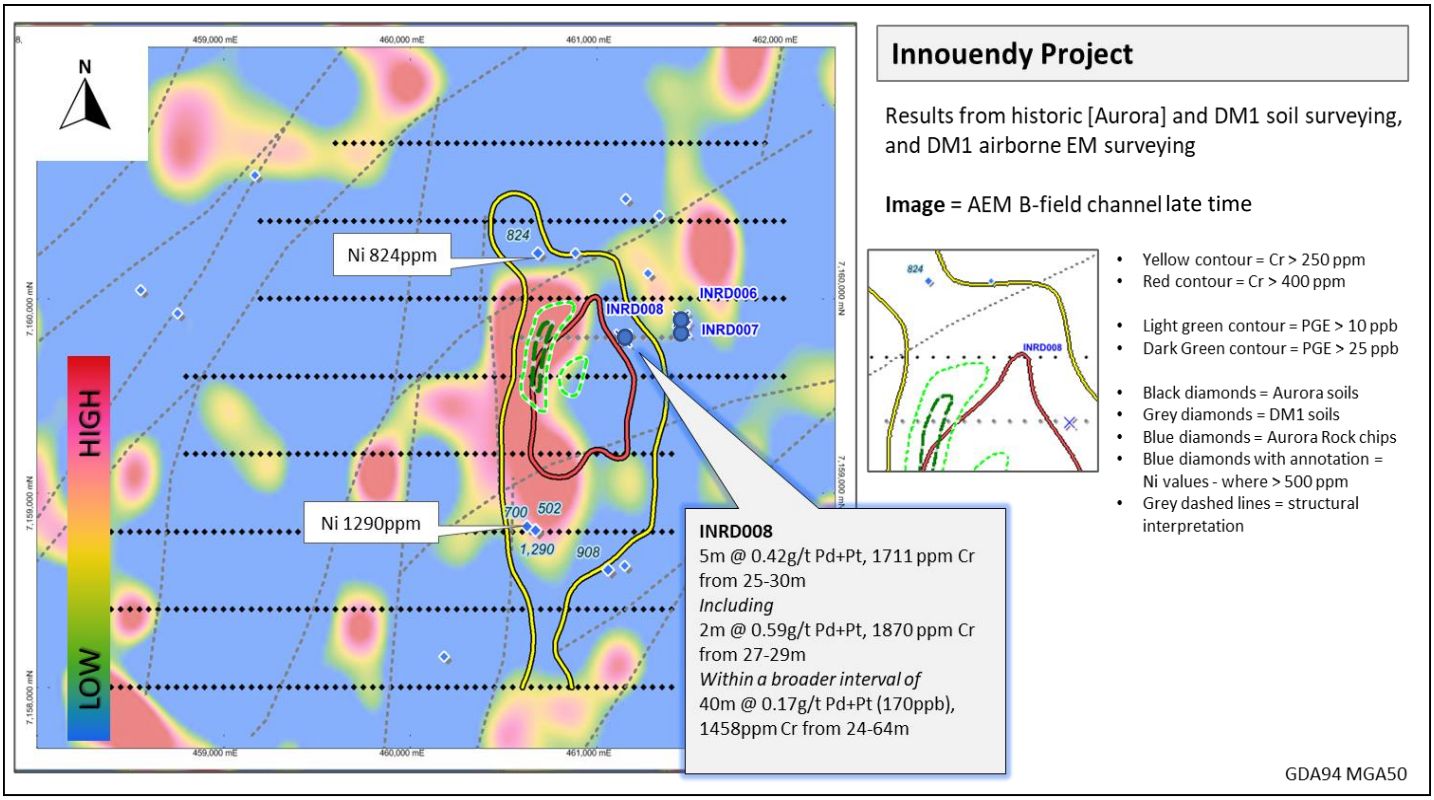

Figure 2. Soils data over EM geophysics at Innouendy

Heritage Clearance – Drill Program at Dingo Pass and Belele

The Company is pleased to announce that it has recently signed a Heritage Agreement with Wajarri Yamatji, who hold native title over the Company's eastern licenses. Wajarri people have recently transitioned to Native Title holders and only in the last couple of months have formed their body corporate through which agreements like the one with Desert could be signed.

Having signed the agreement the Company and Wajarri Yamatji are scheduling a ground survey. As soon as possible after the survey drilling will begin at Dingo Pass and Belele. There are no known heritage issues and now that the agreement is signed no delays are anticipated.

Regional Soil sampling

The Company has completed more than 75% of its regional soil sampling program. Over 2400 samples have been collected and are being assayed for a suite of elements including Au, Ni, Cu and PGEs. The program is primarily targeting gold, after Desert recognised the potential similarity between the geological setting of the Tropicana Gold Deposit on the southeast margin of the Yilgarn craton and the Opal Bore and Innouendy Prospects, which are situated along the northern edge of the Yilgarn Craton and the Errabiddy tectonic suture within the Gascoyne Complex.

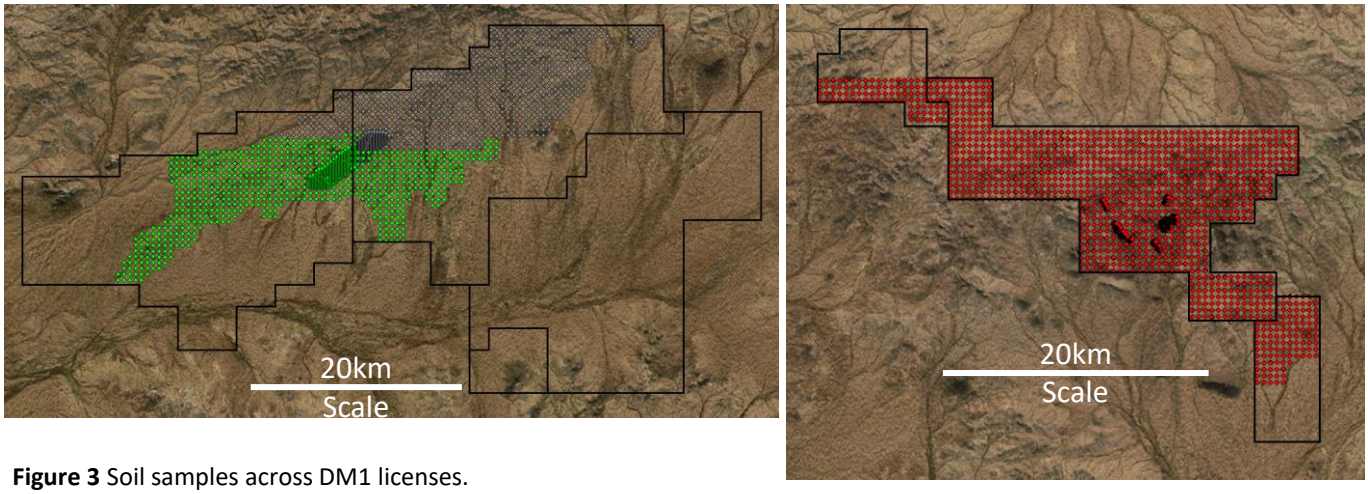

Figure 3 Soil samples across DM1 licenses.

Green- samples collected western licenses.
Red - samples collected eastern licenses.

Grey - to be collected.

Exploration Incentive Scheme (EIS) Funding

The Company is pleased to have won a grant of $150,000 from the state government of WA to co-fund drilling at Dingo Pass. The Co-funded Exploration Drilling Program is a flagship program of the EIS. It is a competitive program, open for applications twice a year, which offers up to a 50 per cent refund for innovative exploration drilling projects, capped at specific amounts.

Authorised by the Board of Desert Metals Limited.

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Competent Person Statement

The information in this announcement that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Dr Rob Stuart, a competent person who is a member of the Australasian Institute of Mining and Metallurgy. Dr Stuart has a minimum of five years' experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2012 Edition of the Joint Ore Reserves. Dr Stuart is a related party of the Company, being a Director, and holds securities in the Company. Dr Stuart has consented to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Diamond drill core samples were taken over selective intervals, typically 2.0m in length. The samples were half core, cut with a saw. • Reverse Circulation (RC) drilling samples were collected as 1m samples split from the rig cyclone using a cone splitter. These samples were then stored securely on site. Approximately 1kg of sample was also collected from each metre interval and composited into one sample for every 4m. The 4m composite samples were then sent for analysis. • Where a 4m composite sample returned anomalous assay values, the stored corresponding 1m samples were then sent for follow-up analysis.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• INRD008 Reverse circulation pre-collar to 120m. NQ diamond drilling (47.6mm) to end of hole at 320.5m • Drill collars are surveyed using hand-held GPS (+/- 2 metres horizontal accuracy). Oriented with compass and inclinometer. Holes surveyed with downhole gyroscope.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core recoveries are measured for every drill run • Appropriate measures are taken to maximise recovery and ensure representative nature of the samples. This includes diamond core being reconstructed for orientation, metre marking and reconciled against core block markers

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All drill holes are logged in their entirety. Qualitative descriptions of minerology, mineralization, weathering, lithology, colour and other features are recorded and photographed for each sample.
Sub-sampling and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Diamond core was cut in half with a saw and sampled nominally over 2m intervals, with some variation to ensure samples were ended at lithological contacts. • RC chips were sampled with a “spear” (PVC tube) from the 1m sample piles and composited to make roughly 4kg, 4m composite samples. Where the sample was wet, it was dried in the sun before composite samples were collected. • Duplicates, blanks and standards were submitted for analysis at a rate of approximately 1 per 20 samples, for quality assurance and control. • Drill sample sizes are considered appropriate for the style of mineralisation sought and the nature of the drilling program.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Diamond drill core and RC samples underwent sample preparation and geochemical analysis by ALS Perth. Au-Pt-Pd was analysed by 30g fire assay fusion with an ICP-AES finish (ALS Method code PGM-ICP23). A 48-element suite was analysed by ICP-MS following a four-acid digest (ALS method code ME-MS61) • Certified analytical standards and blanks were inserted at intervals of approximately 1 every 20 samples (i.e.,5% of samples). All QAQC samples returned results within acceptable levels of accuracy

Verification of assaying	• *The verification of significant intersections by either independent or* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The Desert Metals Exploration Manager has personally inspected all core. • Significant assay results from RC chip 4m composite samples were verified by submitting the individual 1m samples for those intervals for further analysis. The same laboratory (ALS) and analytical methods were used for the 1m samples • Primary drill data was collected manually on paper and digitally using Excel software before being transferred to the master database in mining software package Micromine. • No adjustments were made to the assay data
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations*	• Drill hole collar locations were recorded using handheld GPS. Elevation values were in AHD RL and values recorded within the

Criteria	JORC Code explanation	Commentary
used in Mineral Resource estimation.	• *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	database. Expected accuracy is + or – 2 m for easting, northing and 10m for elevation coordinates. Downhole surveys using an Axis north-seeking gyro with readings at surface and then approximately every 3m downhole. • The grid system is MGA_GDA94 (zone 50), local easting and northing are in MGA. • Topographic surface uses handheld GPS elevation data, which is adequate at the current stage of the project
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drilling to date has been on individual drill holes into a specific target. • Data spacing and distribution is not sufficient at this stage to allow the estimation of mineral resources. • RC precollar samples were composted to create 4m composite samples
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Insufficient information to determine at this time. • The orientation of drilling is broadly orthogonal to the modelled conductive plates.
Sample security	• *The measures taken to ensure sample security.*	• Samples were sealed in polyweave bags that were cable-tied closed and stored securely on site until transported by company personnel to the lab
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been conducted at this stage.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Surveys were conducted within DM1 100% owned Exploration License E9/2330, • All tenements are in good standing with DMIRS. DM1 is unaware of any impediments for exploration on these licenses

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Exploration done by other parties</td><td>• Acknowledgment and appraisal of exploration by other parties.</td><td>• The tenements have had very limited published or open file exploration work for magmatic nickel-copper-sulphide type deposits.
• Limited exploration undertaken to date by past explorers was mostly focused on iron ore, and, to a lesser extent, gold.
• The main exploration that is relevant to Desert Metals was conducted by Aurora Minerals Ltd and is described in the prospectus downloadable from the companys' website</td></tr>
<tr><td>Geology</td><td>• Deposit type, geological setting and style of mineralisation.</td><td>• Mineralisation anticipated to be related to mantle-derived intrusives intersected by trending linear structures.</td></tr>
<tr><td>Drill hole Information for all Material drill holes:</td><td>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information
○ easting and northing of the drill hole collar
○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
○ dip and azimuth of the hole
○ down hole length and interception depth
○ hole length.
• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td><td>•<table><tr><th>Drillhole</th><th>Easting</th><th>Northing</th><th>Azimuth /RL</th><th>Dip</th><th>Depth</th></tr><tr><td>INRDD008</td><td>461145</td><td>7159800</td><td>020 / 360</td><td>70</td><td>320.5</td></tr></table></td></tr>
<tr><td>Data aggregation methods</td><td>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.
• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.
• The assumptions used for any reporting of metal equivalent values should be clearly stated.</td><td>• Anomalous Pd+PT (PGE) results were reported using a 40ppb (0.04g/t) PGE cutoff.
• The longer interval of low grade results used only 4m composite sample data. The shorter higher grade reported intervals used only 1m sample assay data
• The results reported as PGE, comprise the sum of the Pt and Pd values.</td></tr>
<tr><td>Relationship between mineralisation</td><td>• These relationships are particularly important in the reporting of Exploration Results.
• If the geometry of the mineralisation with respect to the drill hole</td><td>• No relationship between the drilling and target sulphide mineralisation has been determined to date. Any reported intervals are "down hole" lengths</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
widths and intercept lengths	*angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view ofdrill hole collar locations and appropriate sectional views.*	• Refer to Figures in body of text
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All results considered significant are reported.
Other substantive explorationdata	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All known and relevant data has been reported
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• A full review of the results to date will be undertaken (once assay results have been received) prior to any future programs being planned.