DESERT METALS Limited

ASX RELEASE 25 AUGUST 2021

ASX CODE: DM1

BOARD:
Mr Mark Stewart
Chairman

Dr Robert Stuart
Managing Director

Mr Tony Worth
Technical Director

Mr Keith Murray
Non-Executive Director

HEAD OFFICE
Level 2, 41-43 Ord St.
West Perth WA 6005

Email:
admin@desertmetals.com.au

Website:
www.desertmetals.com.au

Exploration Update

- **Third hole at Irrida Hill IRRDD005 intersects multiple sulphide zones**
- **Downhole EM (DHEM) modelling at Irrida and Innouendy - additional untested conductors.**
- **Field work including surface sampling to begin this week at Dingo Pass, Breakaway and Belele.**
- **Program of Work approved at Belele and Dingo Pass. Awaiting Heritage clearance before drilling.**

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

Irrida Hill Drilling

The first three holes into three separate modelled EM conductive plates at Irrida Hill have all intersected several widths (ranging from 10cm to 9.5m) of semi-massive to massive sulphide. The sulphide is pyrrhotite dominated with trace copper and nickel (Holes IRRDD002, IRRDD004 and IRRD005 on Figures 1). The first two of these holes were reported in the ASX release of 26 July. IRRDD005 intersected metamorphosed mafic schist and mafic intrusive interlaced with banded iron formation. The sulphide mineralisation has been remobilised along the dominant foliation and consists of numerous zones of disseminated to network textured mineralisation that is similar to that intersected in the first two holes.

Downhole EM (DHEM) completed after drilling is still being interpreted although preliminary results suggest a large sheet of sulphide mineralisation runs parallel to current drill holes and has not been tested by current drilling. Core has been sent to the lab and further targeting at Irrida will be planned after assays are received.

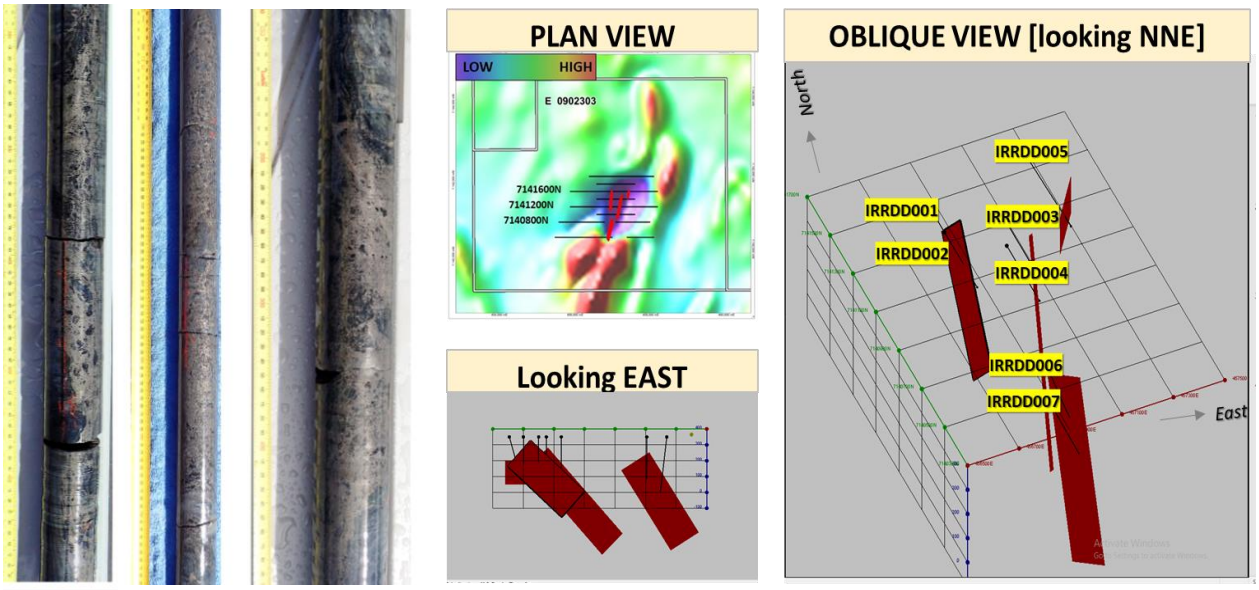

Figure 1 EM plates and initial drill plan at Irrida Hill. Holes IRRD002, IRRD004 and IRRD005 have now all been drilled and all intersected multiple zones of semi massive to massive sulphide mineralisation. DHEM modelling has identified additional conductors away from these holes.

Innouendy Drilling and Downhole EM

Downhole EM has been completed on holes INRD006 and INRD008 at Innouendy (Figure 2). The excellent fit between the modelled response and observed data in all three geometric components gives confidence in the model. These data suggest there remains an untested conductor ~40m to the east of hole INRD008. Extension along the plane of this conductor intersects INRD008 at ~255m downhole. 40cm of massive sulphide was intersected in hole at 255m. It is reasonable to assume that hole IRRD008 has just clipped the extremity of the larger sulphide body.

DHEM data from hole INRD006 also shows both holes INRD006 and INRD007 intersecting the outside edge of a larger conductive sheet. In this case it is believed the main conductor has been intersected and the conductor is explained.

Assays from all 3 holes INRD007, INRD006 and INRD008 have recently been received from the lab. As forecast, no anomalous analytical results were identified. Whole rock geochemical analysis is being conducted and decisions on targeting the untested conductor will be made after this work is complete. Any further drilling at Innouendy would have to be prioritised alongside other targets and compete for funds with the Company's projects at Belele, Dingo Pass, Breakaway, Irrida and others.

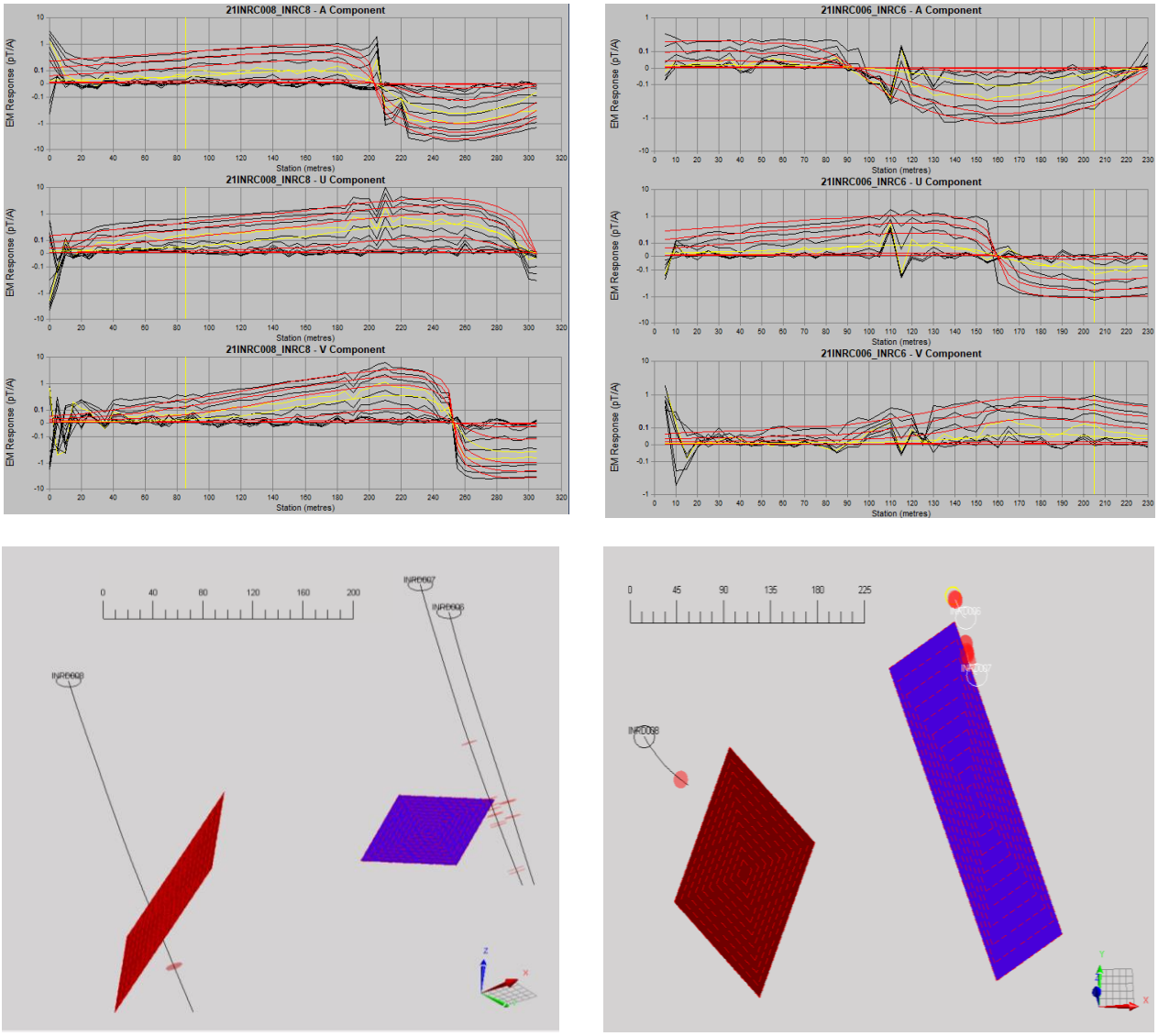

Figure 2 Downhole EM modelling at Innouendy

Upper Left: 3 components of late time DHEM data from hole INRD008. Red profiles – modelled data. Black profiles – observed data. Channels 32-38, 80-300ms.

Upper Right: Data from INRD008.

Lower Left: Oblique view of modelled conductive plates with current drilling, looking NW. Red disks are intersected zones of sulphides.

Lower Right: Plan view of the same modelling.

Eastern Licenses

The focus of the current field season is now on the Company's projects at Breakaway, Dingo Pass, and Belele in the Eastern Licenses. For details of these projects please refer to recent ASX releases and the Company's latest Quarterly report.

Programs of work have been approved for drilling programs at Dingo Pass and Belele which will begin as soon as heritage clearances are finalised. A soil sampling program is currently underway across the entire Dingo Pass license. This program will test for both base metals and gold. The aim is to prioritise the order of drilling for the current conductive targets as well as map any zones of alteration that may be prospective for gold. The company is currently in the fortunate position of having generated a significant number of highly prospective targets and the focus for the foreseeable future is on prioritising and systematically testing these targets.

Authorised by the Board of Desert Metals Limited.

For further details please contact:

Rob Stuart
Managing Director
Phone: +61 (8) 6458 4200

Tony Worth
Technical Director
Phone: +61 (8) 6458 4200

Competent Person Statement

The information in this announcement 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.*	• Samples are yet to be analyzed by laboratory analysis. • Downhole Electromagnetic data collected at 0.25 and 0.5 Hz. 400m loops, readings taken every 5m downhole.
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).*	• IRRDD005 Reverse circulation pre-collar to 101m. NQ diamond drilling(47.6mm) to end of hole at 262.5m • 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 techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *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 will be cut in half and sampled over intervals of 1 metre or less. • Duplicates, blanks and standards will be submitted for analysis for quality assurance and control.
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.*	• Duplicates, blanks and standards will be submitted for analysis for quality assurance and control. • Full QAQC system in place to determine accuracy and precision of assays • The sample sizes are considered to be appropriate to correctly represent the explored for mineralisation style
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *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. • No assay grades are reported
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.
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 are delivered to the lab by Desert Metals personnel.
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 E9/2303, E52/3650 and E51/1907 • 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</td><td>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
○ 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</th><th>Dip</th><th>Depth</th></tr><tr><td>IRRDD005</td><td>457310</td><td>7141568</td><td>120</td><td>60</td><td>262.5</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></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>• No assay grades are reported</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 of drill 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 exploration data	• *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 willbe undertaken (once assay results have been received) prior to any future programs being planned.