

DESERT METALS LIMITED
ACN 617 947 172

PROSPECTUS

**For an offer of 25,000,000 Shares at an issue price
of \$0.20 per Share to raise \$5,000,000 (Offer).**

Lead Manager: Morgans Corporate Limited



IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

The Shares offered by this Prospectus should be considered highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 9 November 2020 and was lodged with the ASIC on that date. The ASIC, the ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference

will be conferred on applications lodged prior to the expiry of the Exposure Period.

NO OFFERING WHERE OFFERING WOULD BE ILLEGAL

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit an offering of the Shares in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.desertmetals.com.au. If you are accessing the electronic

version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 6458 4200 during office hours or by emailing the Company at paul@halifaxadvisory.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

WEBSITE

No document or information included on our website is incorporated by reference into this Prospectus.

NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

INVESTMENT ADVICE

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives,

financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

RISKS

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to Section D of the Investment Overview as well as Section 7 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known

and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

FINANCIAL FORECASTS

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

COMPETENT PERSONS STATEMENT

The information in this Prospectus that relates to Exploration Results and the technical assessment of the Project is based on, and fairly reflects, information compiled, and conclusions derived by Dr Michael Cunningham, a Competent Person who is a Member of the AusIMM and a Member of the AIG. Dr Cunningham is an independent consultant employed by SRK, an independent mining consultancy firm. Dr Cunningham has sufficient experience that is relevant to the mineral assets under consideration, the style of mineralisation and the type of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets', and as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Dr Cunningham has consented to the inclusion in the Prospectus of the matters based on his information in the form and context in which it appears.

CONTINUOUS DISCLOSURE OBLIGATIONS

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be

IMPORTANT NOTICE (CONTINUED)

required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's Shares.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

CLEARING HOUSE ELECTRONIC SUB-REGISTER SYSTEM (CHESS) AND ISSUER SPONSORSHIP

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

DEFINITIONS AND TIME

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 12.

All references to time in this Prospectus are references to Australian Western Standard Time.

PRIVACY STATEMENT

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

ENQUIRIES

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please call the Company Secretary on +61 8 6458 4200.



**“THE BOARD HAVE
SIGNIFICANT EXPERTISE AND
EXPERIENCE IN THE NICKEL
EXPLORATION INDUSTRY.”**

CORPORATE DIRECTORY

DIRECTORS

Robert Stuart
Managing Director

Mark Stewart
Non-Executive Chairman

Antony Worth
Technical Director

JOINT COMPANY SECRETARIES

Paul Heatley

Jonathon Busing

PROPOSED ASX CODE

DM1

REGISTERED OFFICE

Level 2, 41-43 Ord St
West Perth WA 6005
AUSTRALIA

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F: +61 8 6458 4299

E: paul@halifaxadvisory.com.au

W: desertmetals.com.au

SOLICITORS (CORPORATE)

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

SOLICITORS (TITLE REPORT)

Mining Access Legal
U28/168 Guildford Road
Maylands WA 6051

INVESTIGATING ACCOUNTANT

Bentleys Audit &
Corporate (WA) Pty Ltd
London House,
216 St Georges Terrace
Perth WA 6000

AUDITOR*

Bentleys Audit &
Corporate (WA) Pty Ltd
London House,
216 St Georges Terrace
Perth WA 6000

INDEPENDENT GEOLOGIST

SRK Consulting (Australasia)
Pty Ltd
Level 3/18-32 Parliament Place
West Perth WA 6005

LEAD MANAGER

Morgans Corporate Limited
Level 2, 22 Delhi Street
West Perth WA 6005

SHARE REGISTRY*

Automic Group
Level 2, 267 St Georges Terrace
Perth WA 6000

* This entity is included for information purposes only.
It has not been involved in the preparation of this Prospectus.

CONTENTS

1. Chairman's Letter	9
2. Key Offer Information	11
3. Investment Overview	13
4. Details of the Offer	22
5. Company and Project Overview	27
6. Financial Information	36
7. Risk Factors	49
8. Board, Management and Corporate Governance	57
9. Material Contracts	63
10. Additional Information	68
11. Directors' Authorisation	78
12. Glossary	80
Annexure A – Independent Geologist's Report	81
Annexure B – Solicitor's Report on Tenements	141
Annexure C – Investigating Accountant's Report	161



**“I LOOK FORWARD TO
YOU JOINING US AS A
SHAREHOLDER.”**

1. CHAIRMAN'S LETTER

Dear Investor

On behalf of the directors of Desert Metals Limited (**Company**), it gives me great pleasure to invite you to become a shareholder of the Company.

The Company wholly owns a package of exploration licences on the northwest margin of the Yilgarn Craton of Western Australia. The prospectivity of this under-explored region for nickel-copper deposits has recently been highlighted by the discovery of orthomagmatic nickel-copper-platinum-palladium deposits on the margins of the Yilgarn Craton, such as Julimar and previously Nova-Bolinger.

The Company's Project is made up of nine granted exploration licences (the Innouendy, Irrida Hill, Irrida East, Opal Bore, Breakaway, Hooper, Dingo Pass, Mt Gould and Belele Prospects).

The primary target on the majority of the licences is nickel-copper hosted in massive sulphide accumulations. These massive sulphides respond well to geophysical techniques such as electromagnetic (**EM**) surveys. The Company is fortunate to have in-house expertise in designing,

processing and interpreting such surveys. The Company also believes that a number of its licences are prospective for gold and will carry out regional mapping and geochemical sampling to test these areas.

This Prospectus is seeking to raise \$5,000,000 via the issue of Shares at an issue price of \$0.20 per Share under the Offer. The purpose of the Offer is to provide funds to implement the Company's business strategies (explained in Section 5). The Company's primary activities following listing will be undertaking a drilling program to test EM conductors at the Innouendy and Irrida Hill Prospects, as well as completing a number of EM surveys designed to detect additional conductors associated with massive sulphides.

The Board is highly experienced in the global mining and exploration industry and has strong and diverse technical and commercial skills and background, including significant expertise and experience in the nickel exploration industry. The Board will aim to ensure that funds raised through the Offer will be utilised in a cost-effective manner to advance the Company's business.

This Prospectus is issued for the purpose of supporting an application to list the Company on ASX. This Prospectus contains detailed information about the Company, its business and the Offer, as well as the risks of investing in the Company, and I encourage you to read it carefully. Risks associated with an investment in the Company include exploration risks, risks with respect to access, environmental consents, tenure to mining tenements and commodity price and demand risks (particularly nickel).

The Shares offered by this Prospectus should be considered highly speculative.

I look forward to you joining us as a Shareholder and sharing in what we believe are exciting and prospective times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Yours sincerely

Mark Stewart
Non-Executive Chairman



2. KEY OFFER INFORMATION

INDICATIVE TIMETABLE¹

Lodgement of Prospectus with the ASIC	9 November 2020
Exposure Period begins	9 November 2020
Opening Date	17 November 2020
Closing Date	25 November 2020
Issue of Shares under the Offer	2 December 2020
Despatch of holding statements	2 December 2020
Expected date for quotation on ASX	9 December 2020

1. The above dates are indicative only and may change without notice. Unless otherwise indicated, all time given are WST. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to applicants.
2. If the Offer is cancelled or withdrawn before completion of the Offer, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their applications as soon as possible after the Offer opens.

KEY STATISTICS OF THE OFFERS

Offer Price per Share	\$0.20
Shares currently on issue	30,000,000
Options currently on issue ³	10,650,000
Shares to be issued under the Offer	25,000,000
Lead Manager Options ⁴	1,650,000
Gross Proceeds of the Offer	\$5,000,000
Shares on issue Post-Listing (undiluted)¹	55,000,000
Market Capitalisation Post-Listing (undiluted)²	\$11,000,000
Options on issue Post-Listing	12,300,000
Shares on issue Post-Listing (fully diluted)¹	67,300,000
Market Capitalisation Post-Listing (fully diluted)²	\$13,460,000

Notes:

1. Certain Securities on issue post-listing will be subject to ASX-imposed escrow. Refer to Section 5.9 for a disclaimer with respect to the likely escrow position.
2. Assuming a Share price of \$0.20, however the Company notes that the Shares may trade above or below this price.
3. Options currently on issue exercisable at \$0.30 on or before 30 October 2023.
4. Options granted to the Lead Manager to be exercisable at \$0.30 on or before the date that is 3 years following date the Company is admitted to the Official List. Refer to Section 10.4 for the terms of the Lead Manager Options.



3. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
A. Company		
Who is the issuer of this Prospectus?	Desert Metals Limited (ACN 617 947 172).	Section 5.1
Who is the Company?	<p>The Company is an Australian public company, incorporated on 29 March 2017.</p> <p>The Company is the holder of the Narryer Project, which is located approximately 120km northwest of the town of Meekathara and geologically located on the northwest margin of the Yilgarn Craton in Western Australia. The Narryer Project is made up of tenements primarily prospective for nickel sulphide and gold mineralisation.</p> <p>The Company holds nine granted exploration licences making up the Irrida Hill, Irrida East, Innouendy, Opal Bore, Hooper Breakaway, Dingo Pass, Belele and Mt Gould Prospects.</p>	Section 5.1
B. Narryer Project		
Where is the Narryer Project?	<p>The Narryer Project is geologically located on the northwestern edge of the Yilgarn Craton.</p> <p>The Yilgarn Craton comprises a combination of metavolcanic and metasedimentary rocks that were intruded by, and deformed around, numerous granitoid intrusive bodies. The Craton has been divided into a series of major provinces, terranes and domains and is globally significant for gold endowment as well as base metals and industrial minerals.</p>	Section 5.2
What is the Narryer Project	<p>The Narryer Project is made up of a number of prospects. The Company considers that the key prospects within its tenement portfolio are:</p> <ul style="list-style-type: none"> (a) Irrida Hill and Irrida East Prospects: Initial exploration to be focussed on exploration for nickel at the Irrida Hill Prospect due to promising EM results identified by the Company; (b) Innouendy and Opal Bore Prospects: Initial exploration to be focussed on nickel at the Innouendy Prospect due to promising EM results identified by previous explorers but not adequately tested. The Opal bore prospect will be explored for gold given similarities with the geological setting of the Tropicana Gold Deposit on the southeastern margin of the Yilgarn craton; and (c) Breakaway and Dingo Pass Prospects: Initial exploration to be focussed on exploration for nickel and gold. <p>The Company also plans to undertake geophysical programs at the Hooper and Belele Prospects and to undertake initial desktop studies on the recently granted Mt Gould Prospect, which the Company considers to be potentially prospective for nickel, copper and gold.</p>	Section 5.3

Item	Summary	Further information
B. Narryer Project (continued)		
What is the Company's business model?	<p>Following completion of the Offer, the Company's proposed business model will be to further explore and develop the Prospects making up the Narryer Project in accordance with the exploration program set out in Section 5.5.</p> <p>The Company proposes to fund its exploration activities over the first two years following listing as outlined in the table at Section 5.6.</p>	Sections 5.5 and 5.6
What are the key business objectives of the Company?	<p>The Company's main objectives on completion of the Offer are to:</p> <ul style="list-style-type: none"> (a) test previously identified priority drill targets at the Innouendy and Irrida Hill Prospects; (b) undertake geochemical sampling and airborne and ground electromagnetic programmes, with a view to identifying additional drill targets at its Prospects; (c) undertake high level exploration activities on the Belele Prospect to identify further exploration programmes; (d) implement an exploration strategy aimed at the discovery of high-grade nickel and gold resources at the Narryer Project as rapidly as practicable; (e) through exploration success, evaluate opportunities for near term nickel and gold production; and (f) seek further exploration, acquisition and joint venture opportunities in Australia and elsewhere. <p>The Directors are satisfied that on completion of the Offer, the Company will have sufficient funds to carry out its stated objectives.</p>	Sections 5.3 and 5.5
What are the key dependencies of the Company's business model?	<p>The key dependencies of the Company's business model include:</p> <ul style="list-style-type: none"> (a) completing the Offer; (b) the Company's ability to continue to negotiate timely access at the Narryer Project in order to undertake its proposed exploration programs; (c) retaining title to the tenements making up the Narryer Project; (d) retaining and recruiting key personnel skilled in the exploration and mining sector; (e) sufficient worldwide demand for nickel, copper and gold; (f) the market price of nickel, copper and gold remaining higher than the Company's costs of any future production (assuming successful exploration by the Company); (g) raising sufficient funds to satisfy expenditure requirements for exploration and operating costs in respect of the Narryer Project; and (h) minimising environmental impact and complying with environmental and health and safety requirements. 	Section 5.4

Item	Summary	Further information
C. Key Risks		
General	<p>The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of our Company.</p> <p>The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.</p>	Section 7
Exploration Costs	<p>The exploration costs of the Company, as summarised in Section 5.5, are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.</p>	Section 7.2(d)
Exploration and operating	<p>The permits comprising the Project are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.</p> <p>There can be no assurance that future exploration of these permits, or any other mineral permits that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that the required permits, consents and access arrangements will be granted or that it can be economically exploited.</p>	Section 7.2(e)
Tenure	<p>Exploration licences are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for mining permits will be approved.</p> <p>Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements is subject to compliance with the applicable mining legislation and regulations and the discretion of the relevant mining authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.</p>	Sections 7.3(a) and 7.3(b)

Item	Summary	Further information
Tenement Access	<p>A number of the Company's tenements overlap certain third party interests that may limit the Company's ability to conduct exploration and mining activities including private land, Crown Reserves, pastoral leases, areas covered by native title determinations and areas on which native title is yet to be determined.</p> <p>The Company is currently party to a heritage agreement with native title holders at the Irrida Hill Prospect on customary terms, but is not currently party to an access agreement with any other third parties that hold interests in the land covered by the area of the Tenements. The Company is in the process of negotiating heritage agreements in respect of the other tenements over which native title has been determined or on which a native title claim has been made. If the Company is unable to negotiate access agreements, the Company's exploration activities will be inhibited, which may have an adverse effect on the Company's operations and trading prices.</p>	Section 7.3(c)
Other risks	<p>In addition to the above, the Company is subject to customary risks associated with exploration companies, including heritage, Native Title claims, changes in legislation, funding, foreign exchange, commodity price, commodity demand and environmental risks, as well as general risks associated with an investment in shares.</p> <p>For additional specific risks please refer to Section 7.2. For other risks with respect to the industry in which the Company operates and general investment risks, many of which are largely beyond the control of the Company and its Directors, please refer to Sections 7.3 and 7.4.</p>	Sections 7.2, 7.3 and 7.4
D. Directors and Key Management Personnel		
Who are the Directors?	<p>The Board consists of:</p> <ul style="list-style-type: none"> (a) Robert Stuart – Managing Director; (b) Antony Worth – Technical Director; and (c) Mark Stewart – Non-Executive Chairman. <p>The profiles of each of the Directors are set out in Section 8.1.</p>	Section 8.1
What are the significant interests of Directors in the Company?	Each Director's interest in the Company is set out at Section 8.3.	Section 8.3
What related party agreements are the Company party to?	<p>The Company is party to Consultancy Agreements with each of Robert Stuart and Antony Worth, summaries of which are set out in Section 9.2. In addition, Arion Legal, a law firm of which Mark Stewart is a partner, has historically provided legal services to the Company.</p>	Sections 8.3 and 9.2

Item	Summary	Further information
E. Financial Information		
How has the Company been performing?	<p>The Company's audited financial information for the financial years ending 30 June 2018, 30 June 2019 and 30 June 2020 are set out in Section 6.</p> <p>As a mineral exploration company, the Company is not in a position to disclose any key financial ratios other than its statement of profit and loss, statement of cash flows and pro-forma balance sheet which are included in Section 6.</p>	Section 6
What is the financial outlook for the Company?	<p>Given the current status of the Narryer Project, the Directors do not consider it appropriate to forecast future earnings.</p> <p>Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.</p>	Section 6
F. Offer		
What is being offered?	The Offer is an offer of 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000 (before costs).	Section 4.1
Is there a minimum subscription under the Offer?	The minimum amount to be raised under the Offer is \$5,000,000.	Section 4.8
What is the purpose of the Offer?	<p>The purposes of the Offer are to facilitate an application by the Company for admission to the Official List, to position the Company to seek to achieve the objectives stated at Section B of this Investment Overview Section and to provide the Company with future access to equity capital markets for funding.</p> <p>The Board believes that on completion of the Offer, the Company will have sufficient working capital to achieve its objectives.</p>	Section 4.7
Is the Offer underwritten?	The Offer is not underwritten.	Section 4.3
Who is the Lead Manager to the Offer?	<p>The Company has entered into a lead manager mandate (Mandate) with Morgans Corporate Limited (Lead Manager or Morgans), pursuant to which Morgans has agreed to lead manage the Offer.</p> <p>Morgans will receive the following fees in consideration for lead managing the Offer:</p> <ul style="list-style-type: none"> (a) a management fee of 2% of the gross proceeds raised under the Offer; (b) a selling fee of 4% of the gross proceeds raised under the Offer; and (c) 1,650,000 Lead Manager Options, exercisable at \$0.30 on or before the date that is 3 years following the date of issue. <p>Refer to Section 9.1 for a summary of the terms and conditions of the Mandate.</p>	Sections 4.4 and 9.1

Item	Summary	Further information
F. Offer		
What is the structure of the Offer?	<p>The Offer comprises:</p> <p>(a) the Broker Firm Offer, which is open to investors that have received a firm allocation from their broker (refer to Section 4.5); and</p> <p>(b) the Chairman's List Offer, which is open to selected investors who have received an invitation from the Chairman to participate (refer to Section 4.6).</p>	Sections 4.2, 4.5 and 4.6
What is the allocation policy under the Offer?	Refer to Section 4.11 for a summary of the Company's allocation policy in respect of the Offer and Sections 4.5.4 and 4.6.3 for the allocation policies in respect of the Broker Firm Offer and Chairman's List Offer specifically.	Sections 4.5.4, 4.6.3, 4.11
Who is eligible to participate in the Offer?	This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.	Section 4.14
How do I apply for Securities under the Offer?	<p>Applications for Shares under the Offer must be made by completing the Application Form provided to you by your broker or the Chairman.</p> <p>There will be no general public offer of Shares made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a broker with a firm allocation of Shares.</p>	Sections 4.2 and 4.11
What will the Company's capital structure look like on completion of the Offer?	<p>The Company's capital structure on a post-Offer basis is set out in Section 5.7.</p> <p>Upon completion of the Offer, the Company estimates that it will have a 'free float' of approximately 45%, being the Shares issued under the Offer. The Company notes that a number of Shares currently on issue are likely to be tradeable post-listing, which will increase the Company's free float.</p>	Section 5.7
What are the terms of the Shares offered under the Offer?	<p>A summary of the material rights and liabilities attaching to the Shares offered under the Offer is set out in Section 10.2.</p> <p>A summary of the material rights and liabilities attaching to the Options currently on issue and to be granted to the Lead Manager are set out in Sections 10.3 and 10.4 respectively.</p> <p>Also refer to Section 10.5 for a summary of the Company's employee incentive plan, pursuant to which additional Securities may be issued in the future.</p>	Sections 10.2 to 10.5

Item	Summary	Further information
F. Offer		
Will any Securities be subject to escrow?	<p>None of the Securities issued under the Offer will be subject to escrow.</p> <p>However, subject to the Company complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, certain Securities on issue may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.</p> <p>During the period in which restricted Shares are prohibited from being transferred, trading in Shares may be less liquid, which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.</p> <p>The Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.</p>	Section 5.9
Will the Securities be quoted?	<p>Application for quotation of all Shares to be issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus.</p> <p>No Options on issue, or to be issued, are currently anticipated to be quoted at the time the Company is admitted to the Official List.</p>	Section 4.12
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable in the Key Offer Information Section of this Prospectus.	Key Offer Information
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares).	Section 4.10
Are there any conditions to the Offer?	No, other than raising the Minimum Subscription and ASX approval for quotation of the Shares, the Offer is unconditional.	Sections 4.8 and 4.12
G. ADDITIONAL INFORMATION		
Is there any brokerage, commission or duty payable by applicants?	<p>No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.</p> <p>However, the Company will pay to the Lead Manager 6% (ex GST) of the total amount raised under the Prospectus (a selling fee of 4% and management fee of 2% of the total amount raised under the Offer).</p>	Sections 4.15 and 9.1
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful applicants.</p> <p>If the Offer does not proceed, application monies will be refunded (without interest).</p>	Section 4.17

Item	Summary	Further information
G. ADDITIONAL INFORMATION		
What are the tax implications of investing in Securities?	<p>Holders of Securities may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Securities subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Securities will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Securities offered under this Prospectus.</p>	Section 4.16
What is the Company's Dividend Policy?	<p>The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Narryer Project. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least the first two-year period following the date Company's admission to the Official List. Accordingly, the Company does not expect to declare any dividends during that period.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.</p>	Section 5.11
What are the corporate governance principles and policies of the Company?	<p>To the extent applicable, in light of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council (Recommendations).</p> <p>In addition, the Company's full Corporate Governance Plan is available from the Company's website (www.desertmetals.com.au).</p> <p>Prior to listing on the ASX, the Company will announce its main corporate governance policies and practices and the Company's compliance and departures from the Recommendations.</p>	Section 8.5
Where can I find more information?	<p>(a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser;</p> <p>(b) By contacting the Company Secretary, on +61 8 6458 4200; or</p> <p>(c) By contacting the Share Registry on 1300 288 644.</p>	



4. DETAILS OF THE OFFER

4.1 THE OFFER

Pursuant to this Prospectus, the Company invites applications for 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. A summary of the material rights and liabilities attaching to the Shares offered under the Offer is set out in Section 10.2.

4.2 OFFER STRUCTURE

The Offer comprises:

- (a) the Broker Firm Offer, which is open to investors that have received a firm allocation from their broker (refer to Section 4.5); and
- (b) the Chairman's List Offer, which is open to selected investors who have received an invitation from the Chairman to participate (refer to Section 4.6).

The allocation of Shares between the Broker Firm Offer and the Chairman's List Offer will be determined by agreement between the Company and the Lead Manager having regard to the allocation policy described in Section 4.11.

There will be no general public offer of Shares made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a broker with a firm allocation of Shares.

4.3 NOT UNDERWRITTEN

The Offer is not underwritten.

4.4 LEAD MANAGER

The Company has entered into a lead manager mandate (**Mandate**) with Morgans Corporate Limited (**Lead Manager** or **Morgans**), pursuant to which Morgans has agreed to lead manage the Offer.

Morgans will receive the following fees in consideration for lead managing the Offer:

- (a) a management fee of 2% of the gross proceeds raised under the Offer;
- (b) a selling fee of 4% of the gross proceeds raised under the Offer; and
- (c) 1,650,000 Lead Manager Options, exercisable at \$0.30 on or before the date that is 3 years following the date of issue.

Refer to Section 9.1 for a summary of the terms and conditions of the Mandate.

4.5 BROKER FIRM OFFER

4.5.1 Who can apply?

The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their broker. If you have received a firm allocation of Shares from your broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer.

4.5.2 How to apply?

If you have received an allocation of Shares from your broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions.

Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry. Applicants under the Broker Firm Offer should contact their broker to request a copy of this Prospectus and Application Form. Your broker will act as your agent and it is your broker's responsibility to ensure that your Application Form and application funds are received before 5:00pm (WST) on the Closing Date or any earlier closing date as determined by your Broker.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your broker and the instructions set out on the reverse of the Application Form.

The Company, the Lead Manager and the Company's Share Registry take no responsibility for any acts or omissions committed by your broker in connection with your Application.

4.5.3 Payment methods

Applicants under the Broker Firm Offer must pay their application amounts to their broker in accordance with instructions provided by their broker.

4.5.4 Allocation policy under the Broker Firm Offer

Shares that have been allocated to brokers will be issued to the Applicants nominated by those brokers. It will be a matter for each broker as to how they allocate Shares among their retail clients and they (and not the Company or the Lead Manager) will be responsible.

4.6 CHAIRMAN'S LIST OFFER

4.6.1 Who can apply?

The Chairman's List Offer is open to selected investors who have received an invitation from the Chairman to participate.

The Chairman's List Offer is not a general public offer and is not open to persons in the United States.

4.6.2 How to apply?

If you have received an invitation from the Chairman and you wish to apply for Shares, you should follow the instructions in your personalised invitation.

4.6.3 Allocation policy under the Chairman's List Offer

Applicants under the Chairman's List Offer will receive a guaranteed allocation of Shares in the amount notified on their invitation. Beyond this, the allocation of Shares to Applicants under the Chairman's List Offer will be determined by the Lead Manager and the Company taking into account the factors set out in Section 4.11.

4.7 PURPOSE OF THE OFFER

The primary purposes of the Offer are to:

- (a) assist the Company to meet the admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules;
- (b) provide the Company with additional funding for:
 - (i) the proposed exploration programs at the Prospects (as further detailed in Section 5.5);
 - (ii) considering acquisition opportunities that may be presented to the Board from time to time; and

- (iii) the Company's working capital requirements while it is implementing the above; and

- (c) remove the need for an additional disclosure document to be issued upon the sale of any Shares that are to be issued under the Offer.

The Company intends on applying the funds raised under the Offer together with its existing cash reserves in the manner detailed in Section 5.6.

4.8 MINIMUM SUBSCRIPTION

The minimum subscription for the Offer is \$5,000,000 (**Minimum Subscription**).

If the Minimum Subscription has not been raised within four (4) months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

4.9 OVERSUBSCRIPTIONS

No oversubscriptions will be offered under the Offer.

4.10 APPLICATIONS

Applications for Shares under the Offer must be made using the relevant Application Form. Applications under the Offer must be for a minimum of \$2,000 of Shares.

By completing an Application Form, each applicant will be taken to have represented, warranted, agreed and acknowledged as follows:

- (a) that all details and statements made by them are complete and accurate;

- (b) that they have personally received the Application Form together with a complete and unaltered copy of the Prospectus;

- (c) they agree to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;

- (d) that the applicant(s), if a natural person, is/are over 18 years of age;

- (e) that, once the Company or a broker receives an Application Form, it may not be withdrawn;

- (f) that they have applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;

- (g) that they have agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;

- (h) that they have authorised the Company, the Lead Manager and their respective officers or agents, to do anything on behalf of the applicant(s) necessary for Shares to be allocated to the applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;

- (i) that the Company may not pay dividends, or that any dividends paid may not be franked;

- (j) that the information contained in this Prospectus is not financial product advice or a recommendation that Shares are suitable for applicant(s), given the investment objectives, financial situation and particular needs (including financial and taxation issues) of the applicant(s);

- (k) that the applicant(s) is/are a resident of Australia (except as applicable to the Chairman's List Offer);
- (l) that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- (m) that if listing does not occur for any reason, the Offer will not proceed.

Completed Application Forms must be dealt with in accordance with the instructions on the Application Form, with sufficient time to be received by or on behalf of the Company by **no later than 5:00pm (WST) on the Closing Date**, which is currently scheduled to occur on 25 November 2020.

Applications under the Offer must be accompanied by payment in full in Australian currency in accordance with the instructions set out on the Application Form.

The Company will also accept payment on a delivery versus payment (**DvP**) basis, provided that Shares under the Offer will be issued at the same time as all other Shares are issued under the Offer. Please contact your broker if you wish to pay for Shares under the Offer on a DvP basis.

Where no issue is made under the Offer, Application monies will be refunded (without interest) to the Applicants as soon as practicable after the Closing Date.

The Company reserves the right to close the Offer early.

4.11 ALLOCATION POLICY UNDER THE OFFER

The allocation of Shares between the Broker Firm Offer and the Chairman's List Offer will be determined by the Company in agreement with the Lead Manager. The Company, in agreement with the Lead Manager, has absolute discretion regarding the basis of allocation of Shares under the Offer.

No applicant under the Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors (in conjunction with the Lead Manager) will be influenced by the following factors:

- (a) the number of Shares applied for;
- (b) the overall level of demand for the Offer;
- (c) the desire for a spread of investors, including institutional investors; and
- (d) the desire for an informed and active market for trading Shares following completion of the Offer.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

4.12 ASX LISTING

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be admitted to the Official List.

As such, the Shares may not be able to be traded for some time after the close of the Offer.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.13 ISSUE

Subject to the Minimum Subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

The Directors (in conjunction with the Lead Manager) will determine the recipients of the issued Shares in their sole discretion in accordance with the allocation policy detailed in Section 4.11.

The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Holding statements for Shares issued to the Company sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (CHES) holders will be mailed to applicants being issued Shares pursuant to the Offer as soon as practicable after their issue.

4.14 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit an offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other

consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

4.15 COMMISSIONS PAYABLE

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

The Lead Manager will be responsible for paying all commission that they and the Company agree with any other licensed securities dealers or Australian financial services licensees out of the fees paid by the Company to the Lead Manager under the Mandate.

4.16 TAXATION

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.

4.17 WITHDRAWAL OF OFFER

The Offer may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.



5. COMPANY AND PROJECT OVERVIEW

5.1 BACKGROUND

The Company was incorporated as an unlisted public company limited by shares on 29 March 2017, for the purpose of acquiring and then proceeding to explore and develop nickel projects in Australia. The Company is headquartered in Perth, Western Australia.

The Company is the holder of the Narryer Project, which is located approximately 120km northwest of the town of Meekatharra and geologically located on the northwest margin of the Yilgarn Craton in Western Australia.

The Narryer Project is made up of tenements primarily prospective for nickel sulphide and gold mineralisation.

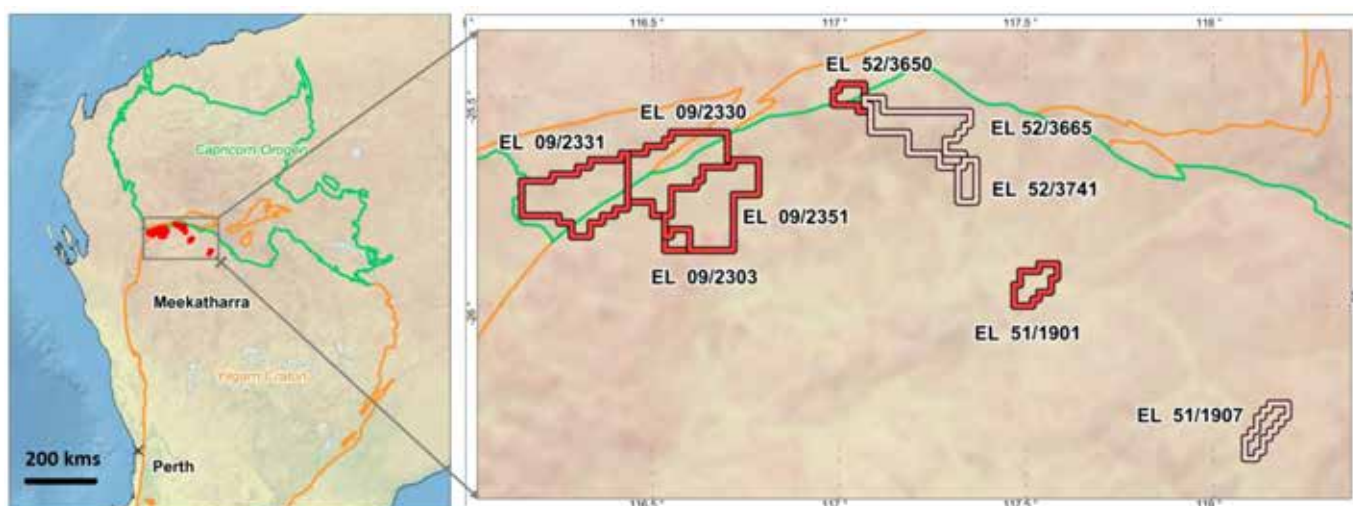
The Company considers that the key prospects within its tenement portfolio are:

- (a) the Irrida Hill and Irrida East Prospects, with initial exploration to be focussed on exploration for nickel at the Irrida Hill Prospect due to promising EM results identified by the Company;
- (b) the Innouendy and Opal Bore Prospects, with initial exploration to be focussed on nickel at the Innouendy Prospect due to promising EM results identified by previous explorers but not adequately tested. The Opal bore Prospect will be explored for gold given similarities with the geological setting of the Tropicana Gold Deposit on the southeastern margin of the Yilgarn craton; and
- (c) the Breakaway and Dingo Pass Prospects, with initial exploration to be focussed on exploration for nickel and gold.

Tenement	Prospect	Commodities Sought
E09/2303	Irrida Hill	Nickel, copper, gold
E09/2351	Irrida East	Nickel, copper, gold
E09/2330	Innouendy	Nickel, copper, gold
E09/2331	Opal Bore	Nickel, copper, gold
E51/1901	Hooper	Nickel, copper
E52/3650	Breakaway	Nickel, copper
EL52/3665	Dingo Pass	Nickel, copper, gold
EL51/1907	Belele	Copper, lead, zinc, gold
EL52/3741	Mt Gould	Nickel, copper, gold

The Company also plans to undertake geochemical and geophysical programs at the Hooper and Belele Prospects and to undertake initial desktop studies on the recently granted Mt Gould Prospect, which the Company considers to be potentially prospective for nickel, copper and gold.

Refer to Section 5.3, the independent geologist's report in Annexure A and the solicitor's report on title in Annexure B for further detail with respect to the Project.



5.2 GEOLOGICAL SETTING

The Narryer Project is geologically located on the northwestern edge of the Yilgarn Craton. The Yilgarn Craton has been divided into a series of major provinces, terranes and domains and is globally significant for gold and nickel endowment as well as other base metals and industrial minerals. The Narryer Terrane is a sub-set of the Yilgarn Craton that has in the view of Desert Metals been historically underexplored compared to other parts of the Craton.

5.3 NARRYER PROJECT PROSPECTS

5.3.1 Irrida Hill and Irrida East Prospect (E09/2303, E09/2351)

The Irrida Hill Prospect has been interpreted as a potential nickel copper intrusive target. This interpretation is based on a strong, discrete magnetic low associated with remanent magnetism at a structural intersection. Field reconnaissance the presence of mafic-ultramafic intrusive rocks confirmed in the area. Previous shallow drilling close to, but not directly within the magnetic anomaly, by Western Mining and also later by Aurora Minerals returned anomalous nickel and copper hosted within ultramafic units.

The Company has completed a moving loop electromagnetic (EM) survey over the magnetic anomaly at Irrida Hill. The survey successfully identified 4 strong conductors over a strike extent of 2km. These conductors represent high priority drill targets which

will be tested during the first year following the Company's listing.

An airborne EM survey is also planned to cover the entire Irrida hill and Irrida East exploration licences. Funds raised under the Offer will enable any new conductors generated by this survey to be field checked and confirmed with ground EM surveys, then prioritised and drill tested.

Limited drilling undertaken to date by the past explorers intersected minor sulphide mineralisation within an orthomagmatic pyroxenite intrusion. The Company has evaluated the data and determined that the EM conductors targeted by the drilling were not intersected by this drilling and remain untested.

5.3.2 Innouendy Prospect (E09/2330) – Nickel Copper Mineralisation

The Company acquired the Innouendy Prospect after it had been subject to a substantial program of work exploring for nickel copper mineralisation, which the Company believes generated at least two high quality targets that remain untested. Airborne EM identified high amplitude, late time conductors, which were subsequently confirmed by follow-up ground EM surveys. The conductors are hosted in ultramafic intrusive rocks on the margin of the Yilgarn craton.

5.3.3 Opal Bore and Innouendy Prospects (E09/2330 and E09/2331) – Gold Mineralisation

The Company has studied the geological setting of the Tropicana Gold Deposit on the southeast margin of the Yilgarn craton

(jointly owned by Independence Group Ltd and AngloGold Ashanti) and are of the opinion that the geological setting is similar to their tenure along the northern edge of the Yilgarn craton.

The Tropicana Gold Deposit is situated between the southeastern margin of the Yilgarn Craton and the Fraser Range Mobile Belt deformation zone. It lies to the west of a major tectonic suture between the Yilgarn craton and the Proterozoic Albany-Fraser Province. The setting of the Tropicana Gold Deposit is similar to 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.

5.3.4 Hooper Prospect

The Hooper prospect covers an extension of the Jack Hills Greenstone Belt, along the southeastern margin of the Narryer Terrane. The greenstone belt contains the past producing Jack Hills Iron Ore mine and previous exploration predominantly focussed on iron ore, with little attention given to nickel exploration.

Past explorers completed gravity surveys to detect non-magnetic detrital haematite deposits. A strong gravity anomaly was identified, and drill tested in 2008. The drilling did not encounter iron ore but rather intersected a coarse-grained mafic intrusion. The Company considers this intrusion to be prospective for magmatic nickel-copper mineralisation and intends to complete an EM survey, followed by drill testing of any conductors detected.

5.3.5 Breakaway Dingo Pass and Mr Gould Prospects (E52/3650, E52/3665, E52/3741)

The Dingo Pass and Breakaway Prospects are located in a highly metamorphosed part of the northern Narryer Terrane near the northern craton margin. The Breakaway Prospect is interpreted to be on the margin with the Dingo Pass Prospect extending into the interior of the craton. The Mt Gould Prospect extends the Dingo Pass Prospect further to the south.

The Breakaway Prospect was interpreted to include mafic to ultramafic intrusive rocks based on the magnetic and spectral (ASTER/Landsat) data. Additional mafic-ultramafic intrusions have been located on the Dingo Pass Prospect with no associated magnetic or ASTER signatures.

The Dingo Pass Prospect is also considered prospective for gold based on a strong clay alteration signature in ASTER Special imagery, in the central part of the tenement. The strongest of the ASTER anomalies are oriented east-west and correlate with weakly magnetic units.

5.3.6 Belele Prospect

The Belele Prospect covers an interpreted extension of the Mingah Range Greenstone Belt. The prospect is completely covered by alluvium and colluvium.

The Mingah Range Greenstone Belt has previously been explored for gold and base metals and contains numerous historic gold showings, as well as a number of reported base metal gossans.

The Company considers the Belele Prospect to be prospective

for shear zone hosted (orogenic) gold and volcanogenic hosted massive sulphide (VMS) base metal deposits.

5.4 KEY DEPENDENCIES

The key dependencies of the Company's business model include:

- (a) completing the Offer;
- (b) the Company's ability to continue to negotiate timely access at the Prospects making up the Narryer Project, in order to undertake its proposed exploration programs;
- (c) retaining title to the tenements making up the Narryer Project;
- (d) retaining and recruiting key personnel skilled in the exploration and mining sector;
- (e) sufficient worldwide demand for nickel, copper and gold;
- (f) the market price of nickel, copper and gold remaining higher than the Company's costs of any future production (assuming successful exploration by the Company);
- (g) raising sufficient funds to satisfy expenditure requirements, exploration and operating costs in respect of the Narryer Project; and
- (h) minimising environmental impact and complying with environmental and health and safety requirements.

5.5 PROPOSED EXPLORATION PROGRAM AND EXPENDITURE

The Company has identified several strong electromagnetic conductors within ultramafic intrusives on two Prospects that are approximately 20km apart.

- (a) At the Innouendy Prospect, intrusive ultramafic rocks with two conductors of similar signature and scale to the Nova-Bollinger nickel-copper deposit in the Fraser Range.
- (b) At the Irrida Hill Prospect, a series of strong conductors within a remanently magnetised anomaly at a structural intersection.

Both prospects have similar geophysical signatures to the Nova-Bollinger deposit at an equivalent stage, and have similar geology and structural setting.

The Opal Bore Prospect consists of sheared, intensely leached, altered granite with abundant quartz veining. The anomaly extends over a strike length of at least 6km and could be tested in the first instance through geological mapping and surface sampling.

Based on the exploration results and prospectivity work undertaken to date, the Company has developed a budget for ongoing technical assessment activities. The Company's program going forward will mainly focus on geophysics, followed by geochemistry and geological mapping to identify drill targets.

Several Prospects already have ready-to-go established drill targets. After the results are interpreted and modelled, with a critical re-assessment of the geology and historical exploration data, the primary activity in the second year post-listing will be drilling, with the objective of defining reportable mineral resource estimates.

Activity	Program	Year 1 (A\$)	Year 2 (A\$)
Geochemistry	Geochemistry/ sampling/ mapping: Opal Bore	150,000	
	Geochemistry/ sampling/ mapping: Breakaway & Dingo Pass	150,000	
	Geochemistry/ sampling/ mapping: Hooper & Belele		100,000
Geophysics	Ground Electromagnetic: Irrida Hill & Irrida East		
	Ground Electromagnetic Airborne targets: (\$30/target)		
	Airborne Electromagnetic: Opal Bore, Innouendy, Irrida Hill and Irrida East	410,000	
	Airborne Electromagnetic: Hooper	60,000	
	Airborne Electromagnetic: Belele	40,000	
	Airborne Electromagnetic: Breakaway & Dingo Pass	250,000	
	Ground Electromagnetic: Opal Bore	60,000	60,000
	Ground Electromagnetic: Breakaway & Dingo Pass	30,000	60,000
	Ground Electromagnetic: Hooper & Belele	60,000	60,000
Drilling	Innouendy	300,000	
	Irrida Hill & Irrida East	300,000	600,000
	Opal Bore	300,000	600,000
	Breakaway & Dingo Pass	300,000	600,000
	Hooper & Belele		
Total		2,410,000	2,080,000



5.6 USE OF FUNDS

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the first two years following admission of the Company to the Official List of ASX as follows:

Funds available	Funding Allocation (\$)	Percentage of Funds (%)
Existing cash reserves ¹	\$1,268,350	20.23%
Funds raised from the Offer	\$5,000,000	79.77%
Total	\$6,268,350	100%
Exploration at Innouendy Prospect ²	\$300,000	4.79%
Exploration at Irrida Hill and Irrida East Prospects ²	\$900,000	14.36%
Exploration at Opal Bore Prospect ²	\$1,580,000	25.21%
Exploration at Breakaway and Dingo Pass Prospects ²	\$1,390,000	22.17%
Exploration at Hooper and Bebele Prospects ²	\$320,000	5.11%
Expenses of the Offer ³	\$494,148	7.88%
Administration costs ⁴	\$1,000,000	15.95%
Working capital ⁵	\$284,202	4.53%
Total	6,268,350	100%

Notes:

1. Refer to the Financial Information set out in Section 6 of this Prospectus for further details, incorporating \$296,957 in cash as at 30 June 2020, plus \$1,000,000 raised as seed capital before the date of this Prospectus and \$28,607 expended prior to the date of this Prospectus. The Company has incurred additional expenses of \$172,699 between 30 June 2020 and the date of this Prospectus, which was incurred in respect of ongoing exploration activities at the Company's Project, the costs of the Offer and working capital. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the Offer of which various amounts will be payable prior to completion of the Offer.
2. Refer to Section 5.5 and the Independent Geologist's Report in Annexure A for further details with respect to the Company's proposed exploration programs at the Projects.
3. Refer to Section 10.9 for further details.
4. Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs.
5. To the extent that:
 - (a) the Company's exploration activities, including the Company's initial review of data for the Mt Gould Prospect, warrant further exploration activities; or
 - (b) the Company is presented with additional acquisition opportunities,
 the Company's working capital will fund such further exploration and acquisition costs (including due diligence investigations and expert's fees in relation to such acquisitions). Any amounts not so expended will be applied toward administration costs for the period following the initial 2-year period following the Company's quotation on ASX.

It is anticipated that the funds raised under the Offer will enable 2 years of full operations. It should be noted that the Company may not be fully self-funding through its own operational cash flow at the end of this period. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding. Future capital needs will also depend on the success or failure of the Company's Project. The use of further debt or equity funding will be considered by the Board where it is appropriate to fund additional exploration on the Project or to capitalise on acquisition opportunities in the resources sector.

The table on previous page is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 7.

5.7 CAPITAL STRUCTURE

The capital structure of the Company following completion of the Offer (assuming Minimum and Subscription under the Offer) is summarised below:

Shares¹

	Shares ¹
Shares currently on issue	30,000,000
Shares to be issued pursuant to the Offer ²	25,000,000
Total Shares on completion of the Offer	55,000,000

Notes:

1. The rights attaching to the Shares are summarised in Section 10.2.
2. 25,000,000 Shares to be issued at an issue price of \$0.20 per Share to raise \$5,000,000 under the Offer.

Options

	Options
Options currently on issue ¹	10,650,000
Options to be issued to Lead Manager ²	1,650,000
Total Options on completion of the Offer	12,300,000

Notes:

1. Options exercisable at \$0.30 on or before 30 October 2023.
2. To be issued to the Lead Manager or its nominees pursuant to the Mandate, a summary of which is set out in Section 10.4. Refer to Section 10.4 for the terms and conditions of the Lead Manager Options.

5.8 SUBSTANTIAL SHAREHOLDERS

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (are set out in the respective tables below.

As at the date of the Prospectus

Shareholder	Shares	Options	Percentage (%) (undiluted)	Percentage (%) (fully diluted)
Robert Stuart & Associates ¹	10,180,000	3,900,000	33.93%	34.64%
Brian Rodan and Associates ²	7,470,000	2,750,000	24.90%	25.14%
Antony Worth & Associates ³	5,100,000	1,500,000	17.00%	16.24%

Notes:

- Comprising the following Securities:
 - 5,080,000 Shares and 1,500,000 Options (exercisable at \$0.30 on or before 30 October 2023) held by Robert Stuart; and
 - 5,100,000 Shares and 2,400,000 Options (exercisable at \$0.30 on or before 30 October 2023) held by Fathom Geophysics Australia Pty Ltd (a company controlled by Robert Stuart.
- Comprising the following Securities:
 - 4,970,000 Shares and 1,000,000 Options (exercisable at \$0.30 on or before 30 October 2023) held by Redland Plains Pty Ltd (a company controlled by Brian Rodan) as trustee for the Brian Bernard Rodan Superannuation Fund;
 - 2,500,000 Shares and 1,000,000 Options (exercisable at \$0.30 on or before 30 October 2023) held by Redland Plains Pty Ltd (a company controlled by Brian Rodan) as trustee for the Majestic Investment Trust; and
 - 750,000 Options (exercisable at \$0.30 on or before 30 October 2023) held by Brian Bernard Rodan.
- Comprising the following Securities:
 - 5,000,000 Shares and 1,200,000 Options (exercisable at \$0.30 on or before 30 October 2023) held by West Coast Geoscience Pty Ltd (a company controlled by Antony Worth) as trustee for the Westcoast Geoscience Trust.; and
 - 100,000 Shares and 300,000 Options (exercisable at \$0.30 on or before 30 October 2023) held by Antony Worth..

On completion of the issue of Shares under the Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer)

Shareholder	Shares	Options	Percentage (%) (undiluted)	Percentage (%) (fully diluted)
Robert Stuart & Associates ¹	10,360,000	3,900,000	18.84%	21.19%
Redland Plains Pty Ltd ²	9,970,000	2,750,000	18.13%	18.90%
Antony Worth & Associates ³	5,200,000	1,500,000	9.45%	9.96%

Notes:

- Comprising the Securities set out in the notes to the table above, plus 180,000 Shares to be subscribed for by Robert Stuart under the Offer.
- Comprising the Securities set out in the notes to the table above, plus 2,500,000 Shares to be subscribed for by Redland Plains Pty Ltd (a company controlled by Brian Rodan) as trustee for the Brian Bernard Rodan Superannuation Fund under the Offer.
- Comprising the Securities set out in the notes to the table above, plus 100,000 Shares to be subscribed for by West Coast Geoscience Pty Ltd (a company controlled by Antony Worth) as trustee for the Westcoast Geoscience Trust under the Offer.

Robert Stuart has confirmed to the Company that no Options will be exercised by him to the extent that doing so would result in a breach of the 20% prohibition under the Corporations Act.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

5.9 RESTRICTED SECURITIES

Subject to the Company being admitted to the Official List and completing the Offer, certain Securities will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

While the ASX has not yet confirmed the final escrow position applicable to the Company's Shareholders, the Company anticipates that the following Securities will be subject to escrow:

- (a) 22,500,000 Shares for up to 24 months from the date of quotation; and
- (b) 12,300,000 Options for up to 24 months from the date of quotation.

The number of Securities that are subject to ASX imposed escrow are at ASX's discretion in accordance with the ASX Listing Rules and underlying policy. The above is a good faith estimate of the Securities that are expected to be subject to ASX imposed escrow.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Securities commencing trading on ASX (which admission is subject to ASX's discretion and approval).

5.10 ADDITIONAL INFORMATION

Prospective investors are referred to and encouraged to read in its entirety both:

- (a) the Independent Geologist's Report in Annexure A for further details about the geology, location and mineral potential of the Company's Project; and
- (b) the Solicitor's Report on Tenements in Annexure B for further details in respect of the Company's interests in the Tenements.

5.11 DIVIDEND POLICY

The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Company's Project. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.



6. FINANCIAL INFORMATION

6.1 INTRODUCTION

This Section sets out the historical financial information of the Company. The Directors are responsible for the inclusion of all financial information in the Prospectus. The purpose of the inclusion of the financial information in this Section is to illustrate the effects of the Offer on the Company.

Bentleys Audit & Corporate (WA) Pty Ltd (**Bentleys**) has prepared an Independent Limited Assurance Report in respect of the historical financial information and the pro forma historical financial information, a copy of which is set out in Annexure C of this Prospectus.

All information present in this Section should be read in conjunction with the balance of this Prospectus, including the Independent Limited Assurance Report in Annexure C.

6.2 FORECAST FINANCIAL INFORMATION

There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the industry in which the Company will operate, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot be reliably estimated. On this basis and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to

reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.

6.3 BASIS AND METHOD OF PREPARATION

The historical financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and the accounting policies adopted by the Company as detailed in note 1 of Section 6.8. The pro forma financial information has been derived from the historical financial information and assumes completion of the pro forma adjustments as set out in Note 2 of section 6.8 as if those adjustments had occurred as at 30 June 2020.

The financial information contained in this Section is presented in an abbreviated form and does not contain all the disclosures that are provided in a financial report prepared in accordance with the Corporations Act and Australian Accounting Standards and Interpretations.

The historical financial information comprises the following (collectively referred to as the **Historical Financial Information**):

- (a) the historical statement of profit or loss and other comprehensive income for the Company for the periods ended 30 June 2020, 30 June 2019 and 30 June 2018;
- (b) the historical statement of financial position of the Company as at 30 June 2020, 30 June 2019 and 30 June 2018; and

- (c) the historical statements of cash flows for the Company for the periods ended 30 June 2020, 30 June 2019 and 30 June 2018.

The pro forma financial information comprises (collectively referred to as the **Pro Forma Financial Information**):

- (d) The pro forma statement of financial position as at 30 June 2020, prepared on the basis that the pro forma adjustments and subsequent events detailed in Note 2 of Section 6.8 had occurred as at 30 June 2020; and
- (e) the notes to the pro forma financial information set out in Section 6.8.

The Historical Financial Information and Pro Forma Financial Information is collectively referred to as the **Financial Information**.

The Historical Financial Information of the Company has been extracted from the audited historical financial statements for 30 June 2018, 30 June 2019 and 30 June 2020. The financial reports were audited by Bentleys in accordance with Australian Auditing Standards. An unqualified audit opinion was issued for 30 June 2018, 30 June 2019 and 30 June 2020 with a material uncertainty surrounding the ability of the entity to continue as a going concern.

6.4 HISTORICAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Desert Metals Limited	Audited* year 30 June 2020	Audited* year 30 June 2019	Audited* period 29 March 2017 to 30 June 2018
	\$	\$	\$
Revenue	-	-	-
Acquisition costs	(15,507)	(84,690)	(2,836)
Compliance costs	(1,350)	(1,370)	(1,691)
Depreciation	(435)	-	-
Information technology costs	(1,044)	-	(360)
Professional fees	(48,185)	(43,155)	(3,217)
Survey Costs	(1,250)	(4,986)	-
Travel Costs	(2,374)	(10,572)	-
Other expenses	(7,618)	(597)	(21)
Profit/(Loss) before income tax expense	(77,763)	(145,370)	(8,125)
Income tax expense	-	-	-
Profit/(Loss) for the period	(77,763)	(145,370)	(8,125)
Other comprehensive income, net of income tax	-	-	-
Total comprehensive profit/(loss) for the period	(77,763)	(145,370)	(8,125)
Loss attributable to owners of the Company	(77,763)	(145,370)	(8,125)
Total comprehensive profit/(loss) attributable to owners of the Company	(77,763)	(145,370)	(8,125)

* Please refer to Section 6.3 with respect to the audit opinions and review conclusion issued by Bentleys on the Historical Financial Information. The financial information should be read in conjunction with the accounting policies in Section 6.8 and the Independent Limited Assurance Report in Annexure C.

6.5 HISTORICAL STATEMENT OF FINANCIAL POSITION

Desert Metals Limited	Audited* year 30 June 2020	Audited* year 30 June 2019	Audited* year 30 June 2018
	\$	\$	\$
Current assets			
Cash & cash equivalents	296,957	114,021	9,278
Receivables	1,647	581	-
Total current assets	298,604	114,602	9,278
Non-current assets			
Property, plant and equipment	-	-	-
Total non-current assets	-	-	-
TOTAL ASSETS	298,604	114,602	9,278
Current liabilities			
Trade & other payables	14,862	3,097	2,403
Total current liabilities	14,862	3,097	2,403
TOTAL LIABILITIES	14,862	3,097	2,403
NET ASSETS / (LIABILITIES)	283,742	111,505	6,875
EQUITY			
Issued capital	515,000	265,000	15,000
Accumulated losses	(231,258)	(153,495)	(8,125)
TOTAL EQUITY	283,742	111,505	6,875

* Please refer to Section 6.3 with respect to the audit opinions and review conclusion issued by Bentleys on the historical financial information. The financial information should be read in conjunction with the accounting policies in Section 6.8 and the Independent Limited Assurance Report in Annexure C.

6.6 HISTORICAL STATEMENT OF CASH FLOWS

Desert Metals Limited	Audited* year 30 June 2020	Audited* year 30 June 2019	Audited* period 29 March 2017 to 30 June 2018
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from other operating activities	4,578	4,464	-
Payments to suppliers and employees	(71,642)	(149,721)	(5,722)
Net cash (used) in Operating Activities	(67,064)	(145,257)	(5,722)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Cash (used) in Investing Activities	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	250,000	250,000	15,000
Net Cash from Financing Activities	250,000	250,000	15,000
Net increase in cash and cash equivalents	182,936	104,743	9,278
Cash and cash equivalents at the beginning of the period	114,021	9,278	-
Cash and cash equivalents at the end of the year/period	296,957	114,021	9,278

* Please refer to Section 6.3 with respect to the audit opinions and review conclusion issued by Bentleys on the historical financial information. The financial information should be read in conjunction with the accounting policies in Section 6.8 and the Independent Limited Assurance Report in Annexure C.

6.7 HISTORICAL AND PRO-FORMA STATEMENT OF FINANCIAL POSITION

	Notes	Desert Metals Limited 30 June 2020	Subsequent Events	Pro forma Adjustments	Pro forma balance
		\$	\$	\$	\$
Current assets					
Cash & cash equivalents	3	296,957	941,393	4,505,852	5,744,202
Receivables	4	1,647	599	-	2,246
Total current assets		298,604	941,992	4,505,852	5,746,448
Non-current assets					
Property, plant and equipment		-	-	-	-
Total non-current assets		-	-	-	-
TOTAL ASSETS		298,604	941,992	4,505,852	5,746,448
Current liabilities					
Trade & other payables	5	14,862	172,699	-	187,561
Total current liabilities		14,862	172,699	-	187,561
TOTAL LIABILITIES		14,862	172,699	-	187,561
NET ASSETS		283,742	769,293	4,505,852	5,558,887
Equity					
Issued capital	6a	515,000	970,000	4,419,887	5,904,887
Option reserve	6b	-	-	224,030	224,030
Accumulated losses	6c	(231,258)	(200,707)	(138,065)	(570,030)
TOTAL EQUITY		283,742	769,293	4,505,852	5,558,887

6.8 NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

Note 1: Summary of significant accounting policies

(a) Basis of Accounting

The historical financial information has been prepared in accordance with the measurement and recognition (but not the disclosure) requirements of Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

The pro forma Statement of Financial Position as at 30 June 2020 represents the audited financial position and adjusted for the transactions discussed in Note 2 to this report. The Statement of Financial Position should be read in conjunction with the notes set out in this report.

(b) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital and managing cash flow in line with available funds. These conditions

indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

(c) Income tax

The income tax expense / (revenue) for the year comprises current income tax expense / (income) and deferred tax expense / (income). Current and deferred income tax expense / (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising

between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Goods and Services Tax (GST) Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instruments. For Financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortization of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carry amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. The Company does not designate any interest in subsidiaries, associates or joint venture entities as being subject

to the requirements of accounting standards specifically applicable to financial statements.

(i) Financial assets at fair value through profit and loss or through other comprehensive Income.

Financial assets are classified at 'fair value through profit or loss' or 'Fair value through Other comprehensive Income' when they are either held for trading for purposes of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss if electing to choose 'fair value through profit or loss' or other comprehensive income if electing 'Fair Value through other comprehensive income'.

(ii) Financial Liabilities

The Company's financial liabilities include trade and other payables, loan and borrowings, provisions for cash bonus and other liabilities which include deferred cash consideration and deferred equity consideration for acquisition of subsidiaries and associates.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Derecognition

Financial assets are derecognised where the contractual rights to receipts of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risk and benefits associated with the asset. Financial Liabilities are recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. 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 short-term borrowings in current liabilities on the statement of financial position.

Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

Trade and other receivables

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Collectability of trade and other receivables are audited on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

Share capital

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(f) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

(h) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest income is recognised as it accrues in the profit and loss using the effective interest method.

All revenue is stated net of the amount of Goods and Services Tax (**GST**).

Note 2: Actual and Proposed Transactions to Arrive at the Pro-Forma Financial Information

The pro-forma historical financial information has been prepared by adjusting the statement of financial position of the Company as at 30 June 2020 to reflect the financial effects of the following subsequent events which have occurred since 30 June 2020:

- (a) the Company paid \$28,607, recorded a receivable of \$599 and incurred a liability of \$172,699 for operational and exploration costs,
- (b) the issue of 10,000,000 ordinary shares at \$0.10 per share to raise \$1,000,000 before costs as a pre-IPO capital raising,

and the following pro forma transactions which are yet to occur, but are proposed to occur following completion of the capital raising:

- (a) The issue of 25,000,000 ordinary shares at \$0.20 per share to raise \$5,000,000 before costs as the Initial Public Offering and payment of \$494,148 being the expenses of the offer.
- (b) The issue of 12,300,000 options exercisable at \$0.30 with a term of 3 years to directors, shareholders, lead manager and service provider as follows. Options valued at \$0.0521 per option.

Options	Number of options
Directors	1,000,000
Shareholders	8,000,000
Service Providers	1,650,000
Lead Manager	1,650,000
Total	12,300,000

Note 3: Cash & Cash equivalents

	Pro forma after IPO \$
Cash and cash equivalents	5,744,202
Audited balance as at 30 June 2020	296,957
Subsequent events:	
Payment of operation and exploration costs prior to listing	(28,607)
Proceeds from shares issued under the pre-IPO capital raising	1,000,000
Capital raising costs	(30,000)
Total	941,393
Pro-forma adjustments:	
Proceeds from shares issued under the Public Offer	5,000,000
Expenses of the offer	(494,148)
Total	4,505,852
Pro-forma Balance	5,744,202

Note 4: Receivables

	Pro forma after IPO \$
Receivables	2,246
Audited balance as at 30 June 2020	1,647
Subsequent events:	
Net GST receivable	599
Total	599
Pro-forma Balance	2,246

Note 5: Trade and Other Payables

	Pro forma after IPO \$
Trade and other payables	187,561
Audited balance as at 30 June 2020	14,862
Subsequent events:	
Payment of operation and exploration costs prior to listing	172,699
Total	172,699
Pro-forma Balance	187,561

Note 6: Equity

	Number of shares After IPO	Pro forma after IPO \$
a) Issued capital		904,887
Fully paid ordinary share capital as at 30 June 2020	20,000,000	515,000
Proceeds from shares issued under the pre-IPO capital raising	10,000,000	1,000,000
Capital raising costs	-	(30,000)
Total	30,000,000	1,485,000
Pro-forma adjustments:		
Proceeds from shares issued under the IPO	25,000,000	5,000,000
Capital raising costs – cash settled	-	(494,148)
Capital raising costs – options	-	(85,965)
Total	25,000,000	4,419,887
Pro-forma Balance	55,000,000	5,904,878

Note 6: Equity (continued)

	Number of options	Pro forma after IPO \$
b) Option reserve		224,030
Fully paid ordinary share capital as at 30 June 2020	-	-
Pro-forma adjustments:		
Issuance of options to service provider and lead manager	3,300,000	171,930
Issuance of options to directors (Share based payment)	1,000,000	52,100
Issuance of options to shareholders (free-attaching options)	8,000,000	-
Total	12,300,000	224,030
Pro-forma Balance	12,300,000	224,030

	Pro forma after IPO \$
c) Accumulated losses	(570,030)
Audited balance as at 30 June 2020	(231,258)
Subsequent events:	
Payment of operation and exploration costs prior to listing	(200,707)
Total	(200,707)
Pro-forma adjustments:	
Issuance of options to service providers and directors	(138,065)
Total	(138,065)
Pro-forma Balance	(570,030)

Note 7: Related Parties

Refer to Section 8 of the Prospectus for the Board and Management Interests.

Note 8: Subsequent Events

Subsequent to 30 June 2020 the following events have occurred which have been reflected in the pro-forma adjustments:

- (a) The Company paid \$28,607, recorded a receivable of \$599 and incurred a liability of \$172,699 for operational and exploration costs.
- (b) The issue of 10,000,000 ordinary shares at \$0.10 per share to raise \$1,000,000 before costs as a pre-IPO capital raising costs of \$30,000.

Other than disclosed above there have been no material events subsequent to balance date that we are aware of, other than those disclosed in this Prospectus.



7. RISK FACTORS

7.1 INTRODUCTION

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 COMPANY SPECIFIC RISKS

(a) Limited history

The Company was only recently incorporated (29 March 2017) and has limited operating history and financial performance. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Project and other projects in which the Company may acquire an interest. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(b) Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(c) Future Funding

The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies. For example, funding may be needed to undertake further exploration activities, or acquire complementary assets.

Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the Offer price or may involve restrictive covenants that limit the Company's operations or business strategy.

There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

(d) Exploration costs

The exploration costs of the Company, as summarised in Section 5.5, are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(e) Exploration success

The Prospects are at various stages of exploration, and potential investors should understand that mineral exploration and development are speculative and high-risk undertakings that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves, among other things:

- (i) discovery and proving-up, or acquiring, an economically recoverable resource or reserve;
- (ii) access to adequate capital throughout the acquisition/discovery and project development phases;
- (iii) securing and maintaining title to the Project;
- (iv) obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and

- (v) accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that exploration of the Project, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The Company has not yet published resource estimates for any Prospect. There is no assurance that exploration or project studies by the Company will result in the definition of an economically viable mineral deposit or that the exploration tonnage estimates and conceptual project developments discussed in this Prospectus are able to be achieved.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The exploration costs of the Company described in the Independent Geologist's Report are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly,

the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(f) Results of Studies

Subject to the results of exploration and testing programs to be undertaken, the Company may progressively undertake a number of studies in respect of the Prospects. These studies may include scoping, pre-feasibility, definitive feasibility and bankable feasibility studies.

These studies will be completed within parameters designed to determine the economic feasibility of the Prospects within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Prospects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Even if a study confirms the economic viability of a Project, there can be no guarantee that the Project will be successfully brought into production as assumed or within the estimated parameters in the feasibility study (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

(g) Agents and contractors

The Company intends to outsource substantial parts of its exploration activities pursuant to service contracts with third party contractors. The Company is yet to enter into these formal arrangements. The Directors are unable to predict the risk of financial failure or default of the insolvency of any of the contractors that will be used by the Company in any of its activities or other managerial failure by any of the other service providers used by the Company for any activity. Contractors may also underperform their obligations of their contract, and in the event that their contract is terminated, the Company may not be able to find a suitable replacement on satisfactory terms.

(h) Currently no market

There is currently no public market for the Company's Shares, the price of its Shares is subject to uncertainty and there can be no assurance that an active market for the Company's Shares will develop or continue after the Offer.

The price at which the Company's Shares trade on ASX after listing may be higher or lower than the Offer Price and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in mineral prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.

There can be no guarantee that an active market in the Company's Shares will develop or that the price of the Shares will increase.

There may be relatively few or many potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.

(i) Restricted securities reducing liquidity

Subject to the Company being admitted to the Official List, certain Shares and Options on issue prior to the Offer will be classified by ASX as restricted securities (or will be subject to voluntary escrow restrictions) and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid, which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on ASX.

7.3 INDUSTRY SPECIFIC RISKS

(a) Tenement renewals

Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements is subject to compliance

with the applicable mining legislation and regulations and the discretion of the relevant mining authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

The Company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Western Australia and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of a granted tenement for reasons beyond the control of the Company could be significant.

(b) Tenement Access

A number of the Tenements overlap certain third party interests that may limit the Company's ability to conduct exploration and mining activities including private land, Crown Reserves, pastoral leases, areas covered by native title determinations and areas on which native title is yet to be determined.

The Company is currently party to a heritage agreement with native title holders at the Irrida Hill Prospect on customary terms, but is not currently party to an access agreement with any other third parties that hold interests in the land covered by the area of the Tenements. The Company is in the process of negotiating heritage agreements in respect of the other tenements over which native title has been determined or on

which a native title claim has been made. If the Company is unable to negotiate access agreements, the Company's exploration activities will be inhibited, which may have an adverse effect on the Company's operations and trading prices.

Please refer to the Solicitor's Report on Tenements in Annexure B for further details.

(c) Conditions to tenements

Interests in tenements in Western Australia are governed by legislation and are evidenced by the granting of leases and licences by the State. The Company is subject to the *Mining Act 1978 (WA)* (**Mining Act**) and the Company has an obligation to meet conditions that apply to its tenements, including the payment of rent and prescribed annual expenditure commitments.

The tenements held by the Company are subject to annual review and periodic renewal. While it is the Company's intention to satisfy the conditions that apply to the tenements, there can be no guarantees made that, in the future, the tenements that are subject to renewal will be renewed or that minimum expenditure and other conditions that apply to the tenements will be satisfied. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the Tenements.

If a tenement holder fails to comply with the terms and conditions of a tenement, the Warden or Minister (as applicable) may impose a fine or order that the tenement be forfeited. In most cases an order for forfeiture can only be made where the breach is of sufficient gravity to justify forfeiture of the tenement. In certain

cases, a third party can institute administrative proceedings under the Mining Act before the Warden seeks forfeiture of the tenement.

(d) Mine development

Possible future development of mining operations at the Prospects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production on one of the Prospects, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will achieve commercial viability through the development of the Prospects.

The risks associated with the development of a mine will be considered in full should the Prospects reach that stage and will be managed with ongoing consideration of stakeholder interests.

(e) Native title and Aboriginal heritage

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Each of the Tenements are overlapped in their entirety by either a native title determination (the Wajarri Yamatji determination area) or a native title claim (the Wajarri Yamatji #1 claim area).

Further to this, it is possible that an Indigenous Land Use Agreement (ILUA) may be registered against one or more of the tenements in which the Company has an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company.

The Directors will closely monitor the potential effect of native title claims or Aboriginal heritage matters involving tenements in which the Company has or may have an interest.

Please refer to the Solicitor's Report on Tenements in Annexure B of this Prospectus for further details.

(f) COVID-19 risk

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown.

The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

(g) Insurance Risks

Insurance coverage of all risks associated with minerals exploration, development and production is not always available and, where available, the cost can be high. The Company will have insurance in place considered appropriate for the Company's needs. The Company will not be insured against all possible losses, either because of the unavailability of cover or because the Directors believe the premiums are excessive relative to the benefits that would accrue. The Directors believe that the insurance they have in place is appropriate. The Directors will continue to review the insurance cover in place to ensure that it is adequate.

(h) Safety

Safety is a fundamental risk for any exploration and production company in regards to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

(i) Climate risk

There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(j) Environmental

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(k) Contamination Risks

The Company's operations may use hazardous materials and produce hazardous waste, which may have an adverse impact on the environment or cause exposure to hazardous materials. Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, the Company may be subject to claims for toxic torts, natural resources damages and other damages. In addition, the Company may be subject to the investigation and clean up of contaminated soil, surface water and groundwater. This may delay the timetable of the Project and may subject the Company to substantial penalties including fines, damages, clean-up costs or other penalties. The Company is also subject to environmental protection legislation, which may affect the Company's access to certain areas of its properties and could result in unforeseen expenses and areas of moratorium.

(l) Rehabilitation of tenements

In relation to the Company's proposed operations, issues could arise from time to time with respect to abandonment costs, consequential clean-up costs, environmental concerns and other liabilities. In these instances, the Company could become subject to liability if, for example, there is environmental pollution or damage from the Company's exploration activities and there are consequential clean-up costs at a later point in time.

(m) Commodity price volatility and exchange rate risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(n) Regulatory Risks

The Company's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time-consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Tenements.

7.4 GENERAL RISKS

(a) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) Competition risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(c) Market conditions

Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the shares regardless of the Company's performance.

(d) Additional requirements for capital

The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(e) Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(f) Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(g) Government policy changes

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Western Australia may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

(h) Litigation Risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

7.5 INVESTMENT SPECULATIVE

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.



8. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

8.1 DIRECTORS AND KEY PERSONNEL

The Board of the Company consists of:

(a) **Dr Robert Stuart** –
Managing Director

Rob is a geoscientist who has worked in mineral exploration for the last 25 years. He has successfully explored for precious and base metals as well as bulk commodities in Australia, North America, Africa, the Former Soviet Union and Asia. He has worked for listed junior explorers and major mining companies. Rob spent five years as Program Manager – Minerals Exploration at BHP Billiton where he managed regional exploration for Russia and Central Asia exploring for Copper, Nickel and Metallurgical coal. Prior to that he was Program Manager for near mine exploration at BHP Billiton / Nickel West in Western Australia.

The Board considers that Dr Stuart is not an independent Director as a result of his security holdings and executive role with the Company.

(b) **Mr Mark Stewart** –
Non-Executive Chairman

Mark Stewart has over 30 years of international legal and commercial experience, particularly in the resources industry, in Africa, Asia, North America and Australia. He worked as an in-house lawyer for Anglo American plc for over ten years. Mr Stewart has broad commercial experience in the junior mining and resources sector having worked for junior listed resource companies from 2003 to 2010, including the following roles with ASX listed companies;

- (i) Non-Executive Director of Indo Mines Ltd and Goldstream Mining Ltd;
- (ii) Managing Director of Uranex Ltd and Clancy Exploration Ltd; and
- (iii) Non-Executive Director and then Chairman of Havilah Resources Ltd.

Mark Stewart holds a Bachelor of Journalism majoring in Journalism and Law from Rhodes University (South Africa) and a Bachelor of Laws from the University of Cape Town (South Africa). He is a member of the Australian Institute of Company Directors.

The Board considers that Mark Stewart is an independent Director.

(c) **Mr Antony Worth** –
Technical Director

Antony Worth is a geologist and business development consultant with 25 years' experience. He has worked in Australia, Africa, North America and South America on a wide range of commodities and deposit styles. Antony Worth has a broad range of experience across all aspects of the minerals exploration industry, from target generation, exploration management, field programs implementation, through to commodity market analysis, joint venture negotiations and project acquisitions. He is currently Exploration Group Consultant – New Business, with First Quantum Minerals Ltd and has also held the position of Director of ASX listed company Alamar Resources Ltd.

The Board considers that Antony Worth is not an independent Director as a result of his security holdings.

8.2 KEY MANAGEMENT

(a) **Paul Heatley** –
Joint Company Secretary

Paul Heatley is an accountant and member of CPA Australia with 20 years' experience in providing business advisory, taxation and company secretarial services to a range of large private and public unlisted companies.

(b) **Jonathon Busing** –
Joint Company Secretary

Jonathon Busing is currently the founder and director of Everest Accounting. He specialises in advising ASX listed companies on compliance, mergers and acquisitions, consulting and statutory accounting requirements. Mr Busing was a forensic accountant at RSM before joining Mining Corporate in 2011 and was responsible for the compliance and requirements of ASX listed and unlisted entities. Mr Busing is the current Company secretary for multiple ASX listed entities.

Mr Busing is a member of Chartered Accountants Australia and New Zealand and holds a public practice certificate.

The Company is aware of the need to have sufficient management to properly supervise its operations and the Board will continually monitor the management roles in the Company. As the Company's operations require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's operations.

8.3 DISCLOSURE OF INTERESTS

Remuneration and Interests

Director	Remuneration	Shares	Options ⁷	Percentage (%) (Undiluted)	Percentage (%) (Fully Diluted)
Robert Stuart ¹	\$40,000	10,360,000 ⁴	3,900,000 ⁴	18.84%	21.19%
Mark Stewart ²	\$50,000	200,000 ⁵	1,600,000 ⁵	0.18%	2.53%
Antony Worth ³	\$40,000	5,200,000 ⁶	1,500,000 ⁶	9.45%	11.29%

Notes:

- Director fees accruing on and from 1 July 2020. In addition to director fees, Dr Stuart will be paid consulting fees at a rate of \$1,500 per day, with a minimum of 10 days per month to be provided to the Company. Based on Dr Stuart providing consulting services to the Company 10 days per month, Dr Stuart would be paid an additional \$180,000 in the current financial year.
- Director fees accruing on and from 1 July 2020. In addition, in the past 12 months, Arion Legal (a law firm of which Mr Stewart is a partner, received \$10,468.50 (plus GST) for legal services provided to the Company.
- Director fees accruing on and from 1 July 2020. In addition to director fees, Mr Worth will be paid consulting fees at a rate of \$1,200 per day, with a minimum of 10 days per month to be provided to the Company. Based on Mr Worth providing consulting services to the Company 10 days per month, Mr Worth would be paid an additional \$144,000 in the current financial year.
- Comprising the following Securities:
 - 5,180,000 Shares and 3,900,000 Options held by Robert Stuart as at the date of this Prospectus;
 - 5,000,000 Shares held by Fathom Geophysics Australia Pty Ltd (a company controlled by Robert Stuart as at the date of this Prospectus; and
 - 180,000 Shares to be subscribed for by Robert Stuart under the Offer.
- Comprising 100,000 Shares and 1,600,000 Options held as at the date of this Prospectus and 100,000 Shares to be subscribed for under the Offer.
- Comprising 5,100,000 Shares and 1,500,000 Options held by West Coast Geoscience Pty Ltd (a company controlled by Antony Worth) as trustee for the Westcoast Geoscience Trust as at the date of this Prospectus, including 100,000 Shares to be subscribed for by West Coast Geoscience Pty Ltd (a company controlled by Antony Worth) as trustee for the Westcoast Geoscience Trust under the Offer.
- All Options exercisable at \$0.30 on or before 30 October 2023.

While the Directors have expressed an interest in taking up the Shares set out above, any final allocation of Shares to the Directors will be subject to the allocation policy set out in Section 4.11 and will be determined by the Directors in conjunction with the Lead Manager. Refer to Section 5.8 for discussion with respect to the voting power in

the Company of Robert Stuart and Antony Worth.

The Company's Constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for Non-Executive

Directors is \$250,000 per annum although may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

8.4 AGREEMENTS WITH DIRECTORS AND RELATED PARTIES

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

The agreements between the Company and related parties are summarised in Sections 9.2.

8.5 CORPORATE GOVERNANCE

(a) ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. To implement these systems, the Company has adopted a set of policies and procedures. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations* (4th Edition) as published by ASX

Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information Section of the Company's website www.desertmetals.com.au.

(b) Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (i) maintain and increase Shareholder value;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities consistent with the Company's stated values; and
- (iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (i) leading and setting the strategic direction, values and objectives of the Company;
- (ii) appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of senior executives and the Company Secretary;
- (iii) overseeing the implementation of the Company's strategic objectives, values, code of conduct and performance generally;
- (iv) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- (v) overseeing the integrity of the Company's accounting and corporate reporting systems, including any external audit (satisfying itself that financial statements released to the market fairly and accurately reflect the Company's financial position and performance);
- (vi) establishing procedures for verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor, to ensure that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions;
- (vii) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;

- (viii) reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- (ix) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

(c) Composition of the Board and diversity

Election of Board members is substantially the responsibility of the Shareholders in general meeting, subject to the following:

- (i) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (ii) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives and values of the Company as well as to deal with new and emerging business and governance issues.

The Board currently consists of three directors of whom only Mark Stewart is considered independent. The Board considers the current balance of skills and expertise to be appropriate given the Company for its currently planned level of activity.

The Company, the Company's stated values and all the Company's related bodies corporate are committed to workplace diversity. The Company is committed to inclusion at all levels of the organisation, regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience.

To assist in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board intends to maintain a Board Skills Matrix to ensure that the Board has the skills to discharge its obligations effectively and to add value.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director or senior executive.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors, which is tailored to their existing skills, knowledge and experience. The purpose of this program is to allow new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of the Company's policies and procedures.

The Board maintains oversight and responsibility for the Company's continual monitoring of its diversity practices. The Company's Diversity Policy provides a framework for the Company to achieve enhanced recruitment practices whereby the best person for the job is employed, which requires the consideration of a broad and diverse pool of talent.

(d) Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(e) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards and to conducting all of the Company's business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. In particular, the Company and the Board are committed to preventing any form of bribery or corruption and to upholding all laws relevant to these issues as set out in the Company's Anti-Bribery and Anti-Corruption Policy. In addition, the Company encourages reporting of actual and suspected violations of the Company's Code of Conduct or other instances of illegal, unethical or improper conduct. The Company and the Board provide effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Protection Policy.

(f) Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(g) Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution. Subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum cap will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(h) Trading policy

The Board has adopted a trading policy that sets out the guidelines on the sale and purchase of securities in the Company by its directors, officers, employees and contractors. The trading policy generally provides that for directors, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

(i) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company. From time to time, the Board will review the scope, performance and fees of those external auditors.

(j) Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full

Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to:

- (i) monitoring and reviewing any matters of significance affecting financial reporting and compliance;
- (ii) verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor;
- (iii) monitoring and reviewing the Company's internal audit and financial control system, risk management systems; and
- (iv) management of the Company's relationships with external auditors.

(k) Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's compliance and departures from the Recommendations will also be announced prior to admission to the Official List of the ASX.



9. MATERIAL CONTRACTS

Set out below is a brief summary of the certain contracts to which the Company is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

9.1 LEAD MANAGER MANDATE

The Company is party to a lead manager mandate (**Mandate**) with Morgans Corporate Limited (**Lead Manager** or **Morgans**),

pursuant to which the Lead Manager has been engaged to lead manage the raising of funds under the Offer. Under the Mandate, the Lead Manager will provide advice to the Company with respect to marketing of the Company and management of the Offer.

The Lead Manager will be paid the following fees in consideration for lead managing the Offer:

- (a) a management fee of 2% of the gross proceeds raised under the Offer;
- (b) a selling fee of 4% of the gross proceeds raised under the Offer; and
- (c) 1,650,000 Lead Manager Option (the terms of which are summarised in Section 10.4).

The Company will also be required to reimburse the Lead Manager for all costs and expenses incurred by the Lead Manager in providing its services under the Mandate, provided that the Lead Manager must seek the Company's consent for any individual expense exceeding \$500.

The term of the Mandate expires on completion of the Offer and the Mandate can be terminated prior to the end of the term by party by giving written notice of termination to the other party.

The Mandate otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).



9.2 AGREEMENTS WITH DIRECTORS AND MANAGEMENT

9.2.1 Robert Stuart – Managing Director

The Company is party to a consultancy agreement with Robert Stuart and Fathom Geophysics Australia Pty Ltd (**Fathom Geophysics**), a company controlled by Robert Stuart, under which Robert Stuart has been appointed Managing Director of the Company (**Fathom Consultancy Agreement**).

Fathom Geophysics provides geophysical and geoscience data processing and targeting services to the minerals and petroleum exploration industries, from the regional scale through to the near-mine deposit scale.

The material terms and conditions of the Fathom Consultancy Agreement are summarised below:

Remuneration	The Company will pay a fee of \$1,500 per day on presentation of an invoice for work undertaken by Fathom Geophysics, it being acknowledged that Fathom Geophysics must devote at least 10 days per month to the provision of services to the Company.
Term	The Fathom Consultancy Agreement commences upon listing of the Company on ASX and continues in force until terminated.
Termination by Company	<p>The Company may terminate the Fathom Consultancy Agreement with immediate effect in the event that:</p> <ul style="list-style-type: none"> (a) Robert Stuart resigns as a Director of the Company; (b) Fathom Geophysics is in material breach of the Fathom Consultancy Agreement; (c) Fathom Geophysics or Robert Stuart is charged with any criminal offence which, in the reasonable opinion of the Company, brings Fathom Geophysics, Robert Stuart or the Company into disrepute; (d) an insolvency event occurs in respect of Fathom Geophysics; (e) Robert Stuart becomes of unsound mind; (f) Robert Stuart is or becomes continually or significantly absent or neglectful of his duties; or (g) Fathom Geophysics is no longer able to supply the services of Robert Stuart. <p>The Company is otherwise able to terminate the Fathom Consultancy Agreement by giving six (6) months' notice or paying Fathom Geophysics in lieu of such notice period.</p>
Termination by Fathom Geophysics	<p>Fathom Geophysics may terminate the Fathom Consultancy Agreement:</p> <ul style="list-style-type: none"> (a) with immediate effect upon the death of Robert Stuart; (b) by giving 28 days' notice in the event the Company fails to make any payment required under the agreement within 14 days after receipt of a demand by Fathom Geophysics; or (c) by giving not less than 6 months' notice in writing of its intention to terminate or payment in lieu of notice.

The Fathom Consultancy Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

9.2.2 Anthony Worth – Technical Director

The Company is party to a consultancy agreement with Antony Worth and West Coast Geoscience Pty Ltd (**West Coast Geoscience**), a company controlled by Antony Worth (**West Coast Consultancy Agreement**), under which West Coast Geoscience and Antony Worth will provide technical services to the Company.

The material terms and conditions of the West Coast Consultancy Agreement are summarised below:

Remuneration	The Company will pay a fee of \$1,200 per day on presentation of an invoice for work undertaken by West Coast Geoscience, it being acknowledged that West Coast Geoscience must devote at least 10 days per month to the provision of services to the Company.
Term	The West Coast Consultancy Agreement commences upon listing of the Company on ASX and continues in force until terminated.
Termination by Company	<p>The Company may terminate the West Coast Consultancy Agreement with immediate effect in the event that:</p> <ul style="list-style-type: none"> (a) Antony Worth resigns as a Director of the Company; (b) West Coast Geoscience is in material breach of the West Coast Consultancy Agreement; (c) West Coast Geoscience or Antony Worth is charged with any criminal offence which, in the reasonable opinion of the Company, brings West Coast Geoscience, Antony Worth or the Company into disrepute; (d) an insolvency event occurs in respect of West Coast Geoscience; (e) Antony Worth becomes of unsound mind; (f) Antony Worth is or becomes continually or significantly absent or neglectful of his duties; or (g) West Coast Geoscience is no longer able to supply the services of Antony Worth. <p>The Company is otherwise able to terminate the West Coast Consultancy Agreement by giving six (6) months' notice or paying West Coast Geoscience in lieu of such notice period.</p>
Termination by West Coast Geoscience	<p>West Coast Geoscience may terminate the West Coast Consultancy Agreement:</p> <ul style="list-style-type: none"> (a) with immediate effect upon the death of Antony Worth; (b) by giving 28 days' notice in the event the Company fails to make any payment required under the agreement within 14 days after receipt of a demand by West Coast Geoscience; or (c) by giving not less than 6 months' notice in writing of its intention to terminate or payment in lieu of notice.

The West Coast Consultancy Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

9.2.3 Non-executive Director Appointment

The Company has entered into letters of appointment with each of the Directors, pursuant to which they have been appointed Directors and in the case of Mark Stewart Non-Executive Chairman.

Mr Stewart's service commenced 15 April 2020 and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the Corporations Act.

Mr Stewart's remuneration and the Director fees payable to Robert Stuart and Antony Worth are set out in Section 8.3.

9.2.4 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors and Company Secretaries. Under these deeds, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances



10. ADDITIONAL INFORMATION

10.1 LITIGATION

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.2 RIGHTS ATTACHING TO SHARES

The following is a summary of the more significant rights attaching to Shares offered under this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that

they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

10.3 EXISTING OPTIONS

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price and Expiry Date

Subject to paragraph (j) the amount payable upon exercise of each Option is \$0.30.

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on 30 October 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 10.4(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

10.4 LEAD MANAGER OPTIONS

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (j) the amount payable upon exercise of each Option will be \$0.30 (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date that is 3 years following the date the Company is admitted to the Official List (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 10.4(g) (ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

10.5 EMPLOYEE INCENTIVE SCHEME

The Company has adopted an employee securities incentive plan (**Plan**), a summary of which is set out below. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. It is intended that the Executive, Technical and Non-Executive Directors will participate in the Plan. No securities have been issued under this Plan.

(a) Eligible Participant

Eligible Participant means a person that:

- (i) is an 'eligible participant' (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
- (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.

(b) Maximum allocation

The Company must not make an offer of Securities under the Plan where the total number of Shares issued under the Plan (**Plan Shares**) that may be issued, or acquired upon exercise of securities convertible into Shares issued under the Plan (**Convertible Securities**) offered, when aggregated with the number of Shares issued or that may be issued as a result of offers made under the Plan at any time during the previous 3 year period would exceed 5% of the total number of Shares on issue at the date of the offer.

The maximum number of equity securities proposed to be issued under the Plan for the purposes of the ASX Listing Rules is 5,500,000 Shares (representing 10% of the issued Shares on completion of the Offer) (**ASX Limit**), meaning that the Company may issue up to the ASX Limit under the Plan, without seeking Shareholder approval and without reducing its placement capacity under ASX Listing Rule 7.1.

The ASX Limit is not intended to be a prediction of the actual number of securities to be issued under the Plan, simply a ceiling for the purposes of Listing Rule 7.2 (Exception 13(b)).

(c) Purpose

The purpose of the Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) link the reward of Eligible Participants to Shareholder value creation; and
- (iii) align the interests of Eligible Participants with Shareholders by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

(d) Plan administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

(e) Eligibility, invitation and application

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

(f) Grant of Securities

The Company will, to the extent that it has accepted a duly completed application, grant the Eligible Participant that has participated (**Participant**) the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

(g) Terms of Convertible Securities

Each Convertible Security represents a right to acquire one or more Shares, subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised, a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security.

A Participant may not sell, assign, transfer, grant a security interest over, collateralise a margin loan against, utilise for the purposes of short selling, enter into a derivative with reference to, or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them. For the avoidance of doubt, a Participant includes any contractor or consultant to the Company.

(h) Vesting

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Plant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

(i) Exercise of Options and cashless exercise

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the Convertible Security exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

(j) Delivery of Shares on exercise of Convertible Securities

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

(k) Forfeiture of Convertible Securities

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, acted negligently, acted in contravention of a Company policy or wilfully breached his or her duties to the Company (including but not limited to breaching a material term of an employment, executive services or consultancy agreement), the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

A Participant may by written notice to the Company voluntarily forfeit their Convertible Securities for no consideration.

(l) Change in control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

(m) Rights attaching to Plan Shares

All Plan Shares issued or transferred to a Participant upon the valid exercise of a Convertible Security will rank *pari passu* in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

(n) Disposal restrictions on Plan Shares

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

(o) Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the ASX Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company pro rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

(p) Participation in new issues

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

(q) Amendment of Plan

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

(r) Plan duration

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

10.6 INTERESTS OF DIRECTORS

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer, and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:
- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

10.7 INTERESTS OF EXPERTS AND ADVISERS

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) Lead Manager (but not a sub-Lead Manager) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue, holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:
 - (d) the formation or promotion of the Company;
 - (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
 - (f) the Offer, and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:
 - (g) the formation or promotion of the Company; or
 - (h) the Offer.

SRK Consulting (Australasia) Pty Ltd has acted as Independent Geologist and has prepared the Independent Geologist's Report which is included in Annexure A. The Company estimates it will pay SRK Consulting (Australasia) Pty Ltd a total of \$28,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, SRK Consulting (Australasia) Pty Ltd has not received fees from the Company.

Bentleys Audit & Corporate (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Annexure C. The Company estimates it will pay Bentleys Audit & Corporate (WA) Pty Ltd a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Bentleys Audit & Corporate (WA) Pty Ltd has received \$9,295 in fees from the Company for audit services.

Morgans Corporate Limited will receive 6% of the total amount raised under the Prospectus (plus GST) following the successful completion of the Offer for its services as lead manager and will receive 1,650,000 Options. Morgans Corporate Limited will be responsible for paying all capital raising fees that Morgans Corporate Limited and the Company agree with any other financial service licensees. Further details in respect of the Mandate with Morgans Corporate Limited are summarised in Section 9.1. Morgans Corporate Limited has received \$29,700 in fees for capital raising services provided to the Company in the last two years.

Steinepreis Paganin has acted as the corporate solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$60,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received fees from the Company for any other services.

Mining Access Legal has acted as the solicitors to the Company in relation to the preparation of the Solicitor's Report on the Tenements which is included in Annexure B. The Company estimates it will pay Mining Access Legal \$6,800 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Mining Access Legal has received fees of \$28,395 from the Company for other services.

10.8 CONSENTS

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offer or of the Shares), the Directors, any persons named in the Prospectus with their consent as proposed Directors, any Lead Managers, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

SRK Consulting (Australasia) Pty Ltd has given its written consent to being named as Independent Geologist in this Prospectus and the inclusion of the Independent Geologist's Report in Annexure A in the form and context in which the report is included. SRK Consulting (Australasia) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Bentleys Audit & Corporate (WA) Pty Ltd has given its written consent to being named as Investigating Accountant and Auditor of the Company in this Prospectus, the inclusion of the audited financial information set out in Section 6 and to the inclusion of the Investigating Accountant's Report in Annexure C in the form and context in which the information and report is included. Bentleys Audit & Corporate (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Morgans Corporate Limited has given its written consent to being named as the Lead Manager to the Company in this Prospectus.

Morgan Corporate Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in relation to the Offer in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Mining Access Legal has given its written consent to being named as the solicitors to the Company in relation to the Solicitor's Report on Title in Annexure B of this Prospectus. Mining Access Legal has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Automic Group has given its written consent to being named as the share registry to the Company in this Prospectus. Automic Group has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

10.9 EXPENSES OF THE OFFER

The total expenses of the Offer (excluding GST) are estimated to be approximately \$494,148 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Allocation (\$)
ASIC fees	3,206
ASX fees	77,942
Lead Manager Fees	300,000
Legal Fees	60,000
Independent Geologist's Fees	28,000
Investigating Accountant's Fees	10,000
Printing and Distribution	5,000
Miscellaneous	10,000
TOTAL	494,148



11. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Robert Stuart
Managing Director
For and on behalf of
Desert Metals Limited



12. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information Section of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company means Desert Metals Limited (ACN 617 947 172).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

JORC Code has the meaning given in the Important Notice Section of this Prospectus.

Lead Manager or **Morgans** means Morgans Corporate Limited.

Mandate means the lead manager mandate with the Lead Manager summarised in Section 9.1.

Minimum Subscription means the minimum amount to be raised under the Offer, being \$5,000,000.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 4.1

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Project or **Narryer Project** means the Company's project described in further detail in Sections 5.1 and 5.3.

Prospects means the prospects described in further detail in Sections 5.1 and 5.3.

Prospectus means this prospectus.

Recommendations has the meaning set out in Section 8.5.

Section means a Section of this Prospectus.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

WST means Western Standard Tim

ANNEXURE A – INDEPENDENT GEOLOGIST’S REPORT



Independent Geologist's Report on the Mineral Assets of Desert Metals Limited

Desert Metals Limited

Level 2, 41-43 Ord Street West Perth WA 6005

SRK Consulting (Australasia) Pty Ltd

Level 3, 18-32 Parliament Place, West Perth WA 6005

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SRK Project Number: DES001

November 2020

Compiled by

Michael Cunningham
Associate Principal Consultant

Email: klloyd@srk.com.au

Author:

Michael Cunningham

Peer reviewed by

Karen Lloyd
Associate Principal Consultant



Executive Summary

Desert Metals Limited (Desert Metals or the Company) is proposing to list its securities on the Australian Securities Exchange (ASX) (Proposed Listing). SRK Consulting (Australasia) Pty Ltd (SRK) has been appointed by Desert Metals to provide an Independent Geologist's Report (IGR or Report), which will be included in the Prospectus relating to the Proposed Listing.

SRK's Report has been prepared under the guidelines of the 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code). The VALMIN Code incorporates the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). In addition, the Report has been prepared in accordance with the relevant requirements of the Listing Rules of the ASX and relevant Australian Securities and Investment Commission (ASIC) Regulatory Guidelines. The Report does not comment on the 'fairness and reasonableness' of any transaction between Desert Metals and any other party.

The mineral assets considered in the Report comprise nine granted contiguous exploration licences (EL51/1901, EL52/3650, EL09/2302, EL09/2351, EL09/2331, EL09/2330, EL52/3665, EL52/3741, EL51/1907) covering a total area of 1,665 km² all of which are located in the Mid-West region of Western Australia (Narryer Project or Project) (Figure ES-1).

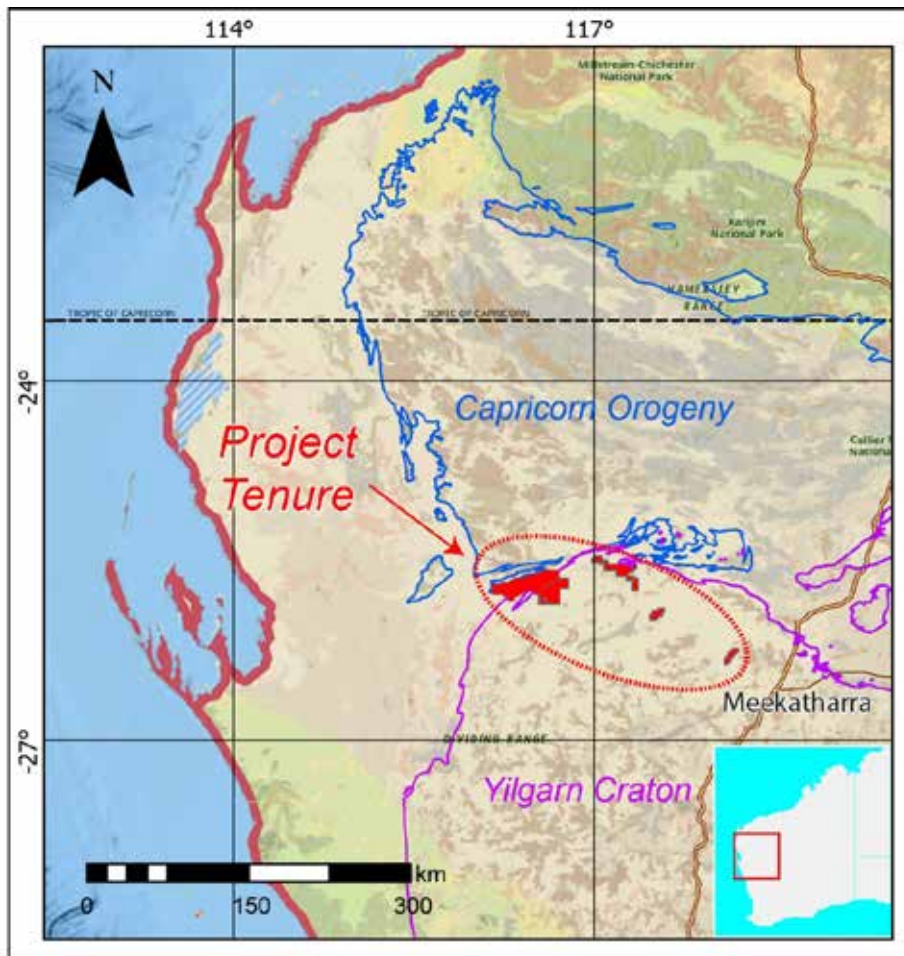


Figure ES-1: Location Narryer Project and project tenure

Source: Desert Metals

Tenure in red. The Yilgarn Craton [purple] and the Capricorn Orogen [blue] are shown [source: Geoscience Australia 10M tectonic elements]. Coordinates: decimal degrees (WGS84).

The Project is at an early exploration stage and is prospective for nickel-sulphide and gold mineralisation. SRK notes that mineral assets at a similar stage of study are inherently speculative in nature given the low level of technical confidence. Desert Metals has developed a litho-structural framework model that has identified several target areas for future exploration. In SRK's opinion, Desert Metals' understanding of the local geology and the mineralisation model is reasonable, and further assessment works are warranted.

No Exploration Target, Mineral Resource or Ore Reserve estimates have been prepared or reported for the Project.

Based on the work undertaken to date, Desert Metals has developed a budget for future technical assessment activities that rely on monies raised as detailed in the Prospectus (Table ES-1).

Table ES-1: Use of funds summary: Technical Assessment of the Project

Activity	Program	Year 1 (A\$)	Year 2 (A\$)
Geochemistry	Geochemistry/sampling/mapping: Opal Bore	150,000	0
	Geochemistry/sampling/mapping: Breakaway & Dingo Pass	150,000	0
	Geochemistry/sampling/mapping: Hooper & Belele	0	100,000
Geophysics	Ground Electromagnetic: Irrida Hill & Irrida East	0	0
	Ground Electromagnetic Airborne targets: (\$30/target)	0	0
	Airborne Electromagnetic: Opal Bore	410,000	0
	Airborne Electromagnetic: Hooper	60,000	0
	Airborne Electromagnetic: Belele	40,000	0
	Airborne Electromagnetic: Breakaway & Dingo Pass	250,000	0
	Ground Electromagnetic: Opal Bore	60,000	60,000
	Ground Electromagnetic: Breakaway & Dingo Pass	30,000	60,000
Drilling	Innouendy	300,000	0
	Irrida Hill & Irrida East	300,000	600,000
	Opal Bore	300,000	600,000
	Breakaway & Dingo Pass	300,000	600,000
	Hooper & Belele	0	0
Corporate		500,000	500,000
Total		2,910,000	2,580,000

SRK has reviewed the planned work programs and the amounts allocated to those programs as presented in Table ES-1. Based on its review, SRK is of the opinion that the programs are reasonable for the purpose of advancing the study status of the Project. The funds allocated by Desert Metals for the technical assessment of the Project should be sufficient to sustain the planned work programs over a 24-month budget period. Progressive expenditure will naturally depend on the success of the proposed drilling and technical studies. Desert Metals may require additional funds should the outcome of the drilling necessitate modifications to the work program.

The facts, opinions and assessments presented in this Report are current at the Report's Effective Date of 5 November 2020.

Table of Contents

Disclaimer.....	vii
Abbreviations.....	viii
1 Introduction	1
1.1 Reporting standard.....	1
1.2 Forward-looking statement	2
1.3 Work program	3
1.4 Effective date	3
1.5 Legal matters	3
1.6 Limitations	3
1.7 Statement of SRK independence.....	4
1.8 Indemnities.....	4
1.9 Competent Person and Practitioner consent	4
1.10 Consulting fees	4
2 The Narryer Project	5
2.1 Location and access	5
2.2 Climate	7
2.3 Status of tenure.....	7
2.4 Native title	12
2.5 Previous exploration.....	12
2.6 Geological setting.....	13
2.6.1 Structural setting	15
2.7 Mineralisation styles.....	17
2.7.1 Nickel-copper-sulphide.....	17
2.7.2 Orogenic gold mineralisation.....	19
2.8 Desert Metals' mineralisation model	21
2.8.1 Nova-Bollinger nickel-copper-sulphide analogue.....	21
2.8.2 Exploration potential and mineralisation targeting	23
2.8.3 Tropicana gold deposit analogue	33
2.9 Validation and observation completed by SRK.....	34
2.10 Proposed exploration	34
3 Sources and Uses of Funds	35
4 References	37

List of Tables

Table 2-1:	Tenement schedule.....	9
Table 2-2:	Chronological summary of past exploration relevant to the Project	12
Table 2-3:	Summary of exploration at the Innouendy Prospect by Aurora Minerals	27
Table 3-1:	Use of funds summary	35

List of Figures

Figure 2-1:	Location Narryer Project and project tenure	5
Figure 2-2:	Location of nearby mines and major mineral resource projects	6
Figure 2-3:	Access to project site	7
Figure 2-4:	Yilgarn Craton terranes	14
Figure 2-5:	Geological setting.....	15
Figure 2-6:	Bouguer gravity overlain by major faults and folds	16
Figure 2-7:	Reduced-to-pole magnetics	17
Figure 2-8:	Locations of major nickel deposits of Australia shown by type of deposit	18
Figure 2-9:	Model of Ni-Cu-PGE sulphide ore-forming systems	19
Figure 2-10:	Orogenic gold in relation to other types of gold deposits	21
Figure 2-11:	Upper lithospheric domains interpreted at 100 km depth and projected to surface	21
Figure 2-12:	Similarities between the northern and southern margins of the Yilgarn Craton	22
Figure 2-13:	Simplified geology map showing area of potential rifting.....	23
Figure 2-14:	Gravity-derived structures	23
Figure 2-15:	Nickel-copper intrusive prospect – Irrida Hill	24
Figure 2-16:	Evidence for nickel-copper prospect from magnetics and EM conductors – Irrida Hill	25
Figure 2-17:	Western conductor at Irrida Hill.....	25
Figure 2-18:	Nickel-copper intrusive prospect – Innouendy	28
Figure 2-19:	Downhole EM surveying – Innouendy nickel-copper-sulphide intrusive prospect.....	29
Figure 2-20:	Gravity image of the Mingah Greenstone Belt, clearly highlighting a northeastern extension of the belt within Desert Metals’ Belele prospect.....	30
Figure 2-21:	Gravity data (gridded along line) over magnetic image	31
Figure 2-22:	Magnetic imagery over Breakaway and Dingo Pass prospects.....	32
Figure 2-23:	ASTER imagery showing muscovite crystallinity	33
Figure 2-24:	Pyrophyllite index from ASTER over Albedo image	34

Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Desert Metals Limited (Desert Metals or the Company). The opinions in this Report are provided in response to a specific request from Desert Metals to do so. SRK has exercised all due care in reviewing the supplied information. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in the Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

Abbreviations

Abbreviation	Meaning
AIG	Australian Institute of Geoscientists
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
BIF	banded iron formation
BLEG	Bulk Leach Extractable Gold
Company	Desert Metals Pty Ltd
DD	diamond drill
Desert Metals	Desert Metals Pty Ltd
EM	electromagnetic
IGR	Independent Geologist's Report
JORC Code	Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition
PFS	pre-feasibility study
PGE	platinum group elements
RC	reverse circulation
SRK	SRK Consulting (Australasia) Pty Ltd
VALMIN Code	Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets, 2015 edition
VMS	volcanogenic hosted massive sulphide
WAMEX	Western Australia Mineral Exploration Reports
WGS84	World Geodetic System 1984
WMC	WMC Resources Pty Ltd

1 Introduction

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1.1 Reporting standard

The Report has been prepared to the standard of, and is considered by SRK to be, a technical assessment under the guidelines of the VALMIN Code (2015). The Report was prepared by Dr Michael Cunningham, with peer review undertaken by Ms Karen Lloyd (Authors).

The Authors are Members or Fellows of either the Australasian Institute of Mining and Metallurgy (AusIMM) and/or the Australian Institute of Geoscientists (AIG) and, as such, are bound by both the VALMIN and JORC Codes. For the avoidance of doubt, this report has been prepared according to:

- the 2015 edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code)
- the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Details of the qualifications of Dr Cunningham and Ms Lloyd, who both have extensive experience in the mining industry, are set out below.

Michael Cunningham, Associate Principal Consultant (Geology), BSc Hons (Geoscience), PhD (Geology), MAusIMM, MAIG, MGSA, FGSL, MMGEI

Michael Cunningham has over 15 years' experience as a geologist. His post-doctoral research involved evaluation and modelling of active oceanic slope processes and related hazards. Mike has worked in the Irish and British civil services. He has consulted on projects in Australia and overseas (Indonesia, Lao, Sri Lanka, Kyrgyzstan, Mongolia, Tanzania, Congo, Liberia and Malaysia), and on a variety of commodities including gold, iron, graphite, lead-zinc, antimony and coal. His expertise covers 3D modelling of vein, epithermal and banded iron formation (BIF) styles of mineralisation, drill targeting, modelling, Mineral Resource estimation, and modelling and evaluation of Exploration Targets. Mike has also been involved in preparation of IGRs, due diligence and valuation studies, and is a well accomplished project manager. He is a Member of the AIG and the AusIMM and has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) codes, respectively.

Karen Lloyd, Associate Principal Consultant (Project Evaluation), BSc (Hons), MBA, FAusIMM

Karen Lloyd has more than 20 years' international resource industry experience gained with some of the major mining, consulting and investment houses globally. She specialises in independent reporting, mineral asset valuation, project due diligence, and corporate advisory services. Karen has worked in funds management and analysis for debt, mezzanine and equity financing and provides consulting and advisory in support of project finance. She has been responsible for multi-disciplinary teams covering precious metals, base metals, industrial minerals and bulk commodities in Australia,

Asia, Africa, the Americas and Europe. Karen has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) codes, respectively.

As per the VALMIN Code (2015), a first draft of the report was supplied to Desert Metals to check for material error, factual accuracy and omissions before the final report was issued. The final report was issued following review of any comments made by Desert Metals.

As defined in the VALMIN Code (2015), mineral assets comprise all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure and other rights held or acquired in relation to the exploration, development of and production from those tenures. This may include plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals relating to that tenure.

For this Report, the mineral assets were classified in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early Stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **Pre-development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a pre-feasibility study (PFS).
- **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants that have been commissioned and are in production.

SRK has classified the Project as an Early Exploration Project.

1.2 Forward-looking statement

Mineral exploration is a high-risk process, particularly during the early phases. It is possible that no significant mineralisation exists. Project success can also be impacted by uncertainty in the market, including volatility and variations in commodity prices, which may have either positive or negative impacts.

1.3 Work program

SRK's work program commenced in October 2020, with a technical assessment of publicly available data, reports and other information sourced from subscription databases such as S&P Global Market Intelligence database services. A review and assessment of all material technical reports and supporting documentation prepared by and/or on behalf of Desert Metals was then undertaken to determine its reasonableness for use. Further to this review and assessment, the Report was prepared by SRK.

In accordance with the VALMIN Code (2015) Section 11.1, a site inspection of the Project was not undertaken by SRK as, in SRK's opinion, it was unlikely to reveal additional current information that was material to the Report, over and above that available in the supplied documentation. SRK has previously inspected adjacent third-party projects and as such has a reasonable understanding of the geological setting to inform its Report.

1.4 Effective date

The Effective Date of this Report is 5 November 2020.

1.5 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this Report. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture agreements, local heritage or potential environmental or land access restrictions.

SRK has sighted documentation supplied by Desert Metals from relevant government agencies, which indicates that Desert Metals has the legal rights to the mineral assets that are the subject of the Report. SRK has relied on the accuracy and completeness of the technical documentation supplied to it by Desert Metals. SRK has made all reasonable enquiries into this status as at 5 November 2020. Further details are provided in Section 2.2 of this Report.

1.6 Limitations

SRK's opinion contained herein is based on information provided to SRK by Desert Metals throughout the course of SRK's assessment as described in the Report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by Desert Metals was taken in good faith by SRK. SRK has not independently verified the Exploration Target or Mineral Resource estimates by means of recalculation. This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider it to be material.

As far as SRK has been able to ascertain, the information provided by Desert Metals was complete and not incorrect, misleading or irrelevant in any material aspect.

Desert Metals has confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by Desert Metals was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect. SRK has no reason to believe that any material facts have been withheld.

1.7 Statement of SRK independence

Neither SRK nor the Authors of this Report have any material present or contingent interest in the outcome of the Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting the independence of SRK.

1.8 Indemnities

As recommended by the VALMIN Code (2015), Desert Metals has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Desert Metals or not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from the Report.

1.9 Competent Person and Practitioner consent

The information in this Report that relates to Exploration Results and the Technical Assessment of the Project is based on, and fairly reflects, information compiled, and conclusions derived by Dr Michael Cunningham, a Competent Person who is a Member of the AusIMM and a Member of the AIG. Dr Cunningham is an independent consultant employed by SRK, an independent mining consultancy firm. Dr Cunningham has sufficient experience that is relevant to the mineral assets under consideration, the style of mineralisation and the type of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets', and as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'

Dr Cunningham consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

1.10 Consulting fees

SRK's estimated fee for completing the Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A\$28,000. The payment of this professional fee is not contingent upon the outcome of this Report.

2 The Narryer Project

2.1 Location and access

The Narryer Project is geographically located approximately 120 km northwest of the town of Meekatharra and geologically located on the northwest margin of the Yilgarn Craton in Western Australia. It is prospective for nickel-sulphide and gold mineralisation (Figure 2-1).

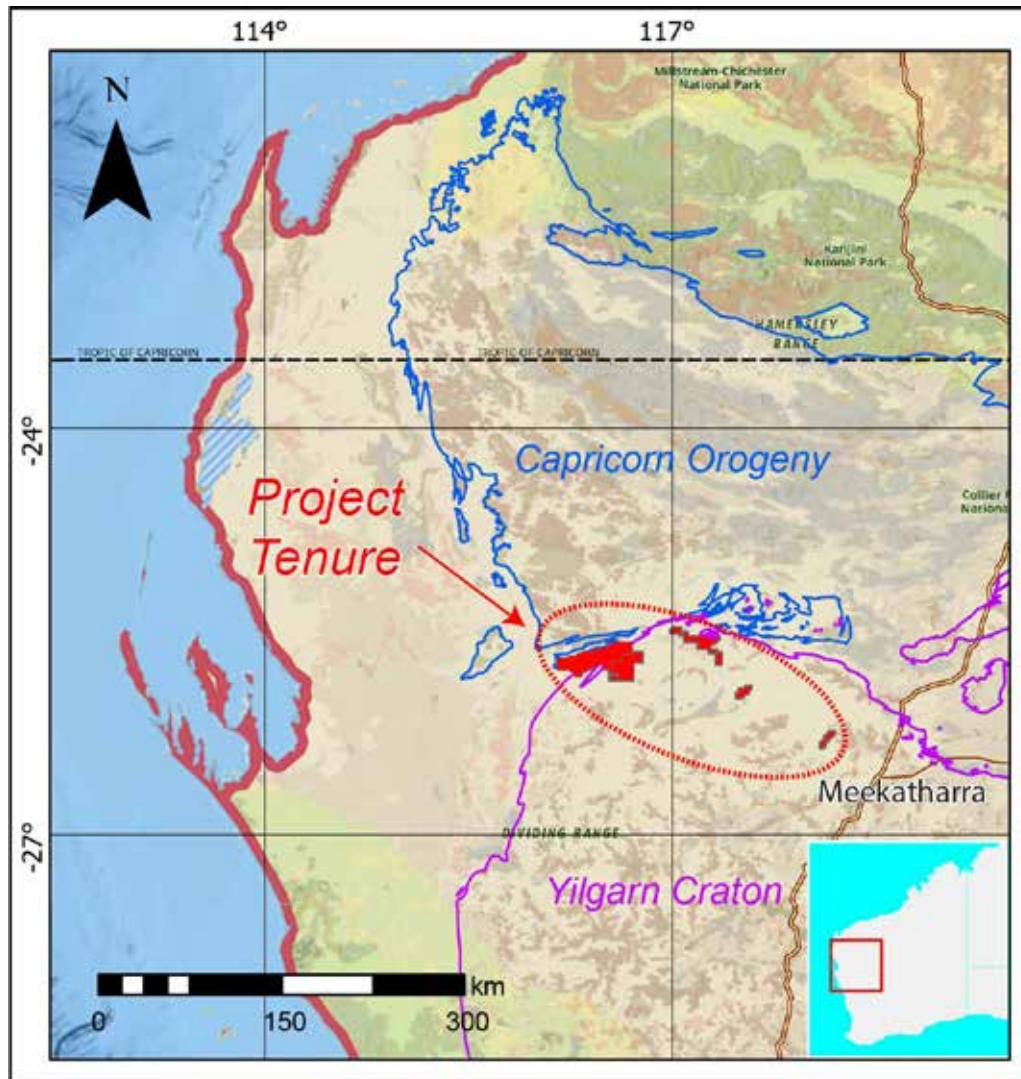


Figure 2-1: Location Narryer Project and project tenure

Source: Desert Metals

Tenure in red. The Yilgarn Craton [purple] and the Capricorn Orogen [blue] are shown [source: Geoscience Australia 10M tectonic elements]. Coordinates: decimal degrees (WGS84).

The Project comprises nine granted contiguous exploration licences – EL51/1901, EL52/3650, EL09/2302, EL09/2351, EL09/2330, EL09/2331, EL51/1907, EL52/3665, and EL52/3741 – covering a combined area of approximately 1,665 km².

Within the Project, a number of prospects have been identified:

- the Opal Bore, Innouendy, Irrida Hill, Irrida East, Breakaway, Dingo Pass and Mt Gould nickel, copper and gold prospects
- the Hooper nickel and copper prospect
- the Belele copper, lead, zinc, and gold prospect.

Nearby mining projects and major exploration projects (Figure 2-2) include:

- Metal X's Paddy's Flat underground gold mine and Westgold Resources' Five Mile Well gold mine, located ~50 km and ~45 km southeast of the Belele prospect, respectively
- Sandfire Resources' DeGrussa copper mine, located ~185 km to the northeast of the Dingo Pass prospect
- Crossland's Jack Hills iron ore project, located ~25 km southwest of the Hooper prospect
- Buxton Resources' Yalbra graphite project, located 25 km northwest of the Opal Bore prospect
- Gascoyne Resources' Glenburgh gold project, located 40 km northwest of the Opal Bore prospect.

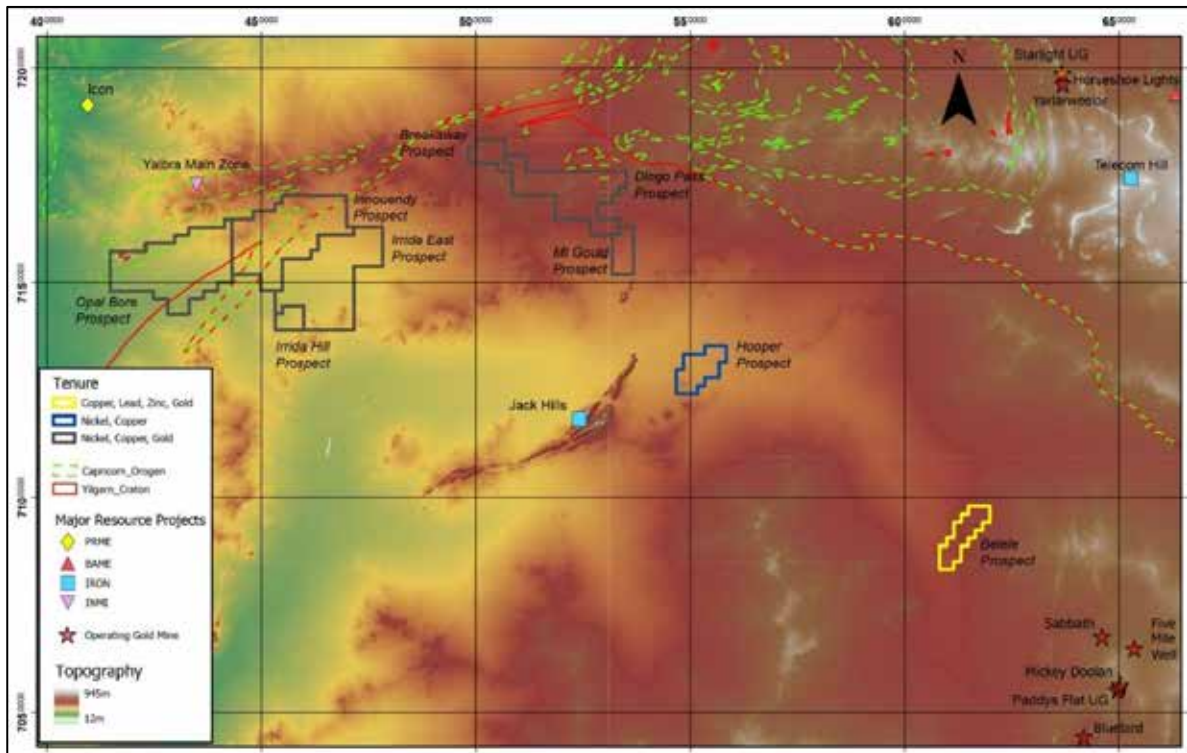


Figure 2-2: Location of nearby mines and major mineral resource projects

Source: SRK. Topography – SRTM. Coordinates: MGA2020 Zone 50

The eastern and southeastern tenure is accessed by driving northwest along the unsealed but well-maintained Landor–Meekatharra Road. The western tenure is accessed from the town of Mullewa, which is approximately 400 km to the south via the partially sealed Mullewa–Carnarvon Road (Figure 2-3). The nearest regional airport is located at Meekatharra and is serviced daily by QantasLink from the Western Australian state capital of Perth.

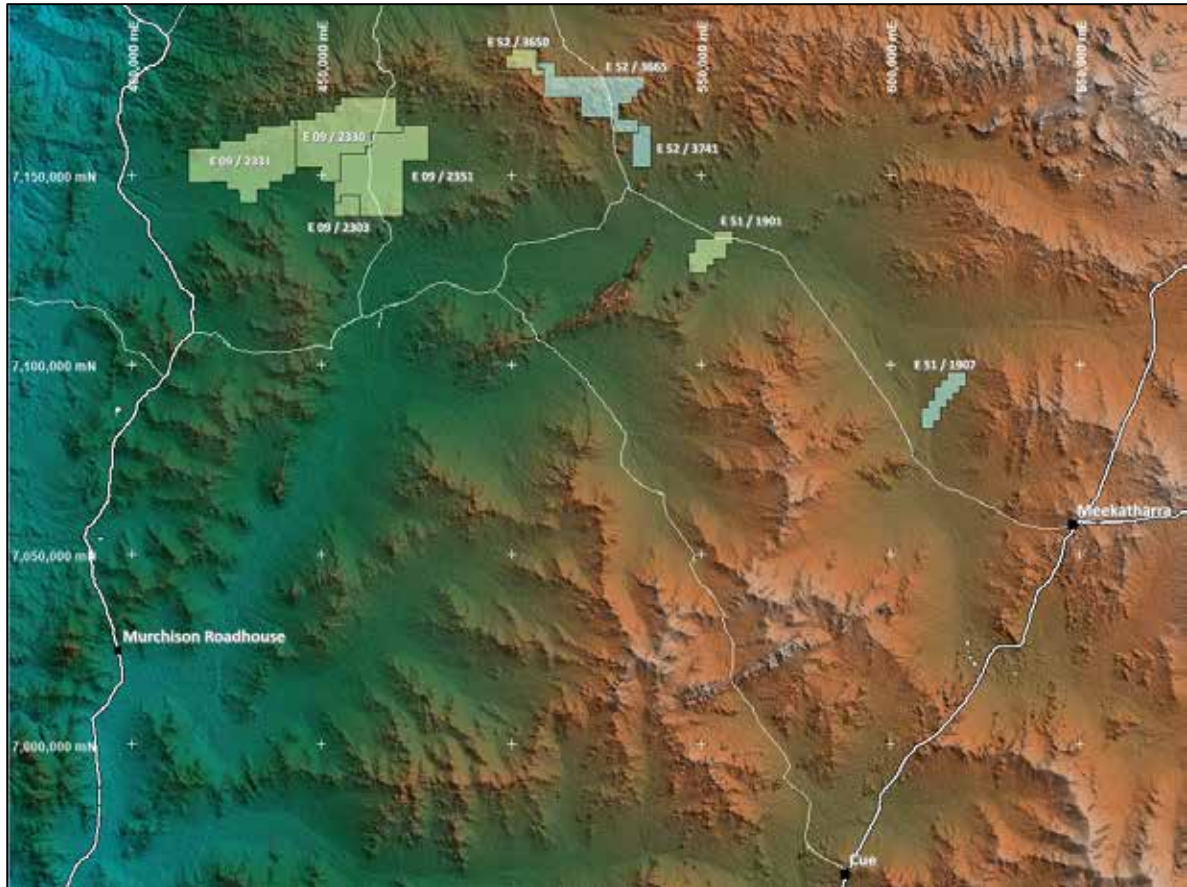


Figure 2-3: Access to project site

Source: Desert Metals Management Information

2.2 Climate

December and January are the hottest months in the Project area, with average maximum temperatures exceeding 40°C and record highs over 48°C. From October to February, the average monthly maximum temperature exceeds 36°C. This results in maximum temperatures exceeding normal body temperature for more than 6 months of the year. The lowest temperatures occur in the winter months between June and August, where average maximum temperatures are below 30°C and average minimum temperatures are 12–13°C.

Precipitation is generally light and infrequent, mostly falling between January and March. Rain sporadically falls between the months of July and November, with September and October being the driest months. Except for a few isolated pools, creeks are generally dry throughout most of the year, but can rise rapidly and flood large areas after heavy rains (predominantly during the summer months).

The vegetation is covered by a ubiquitous ground cover of scattered shrubs of hakea, acacia and grevillea. Larger trees, including eucalyptus and melaleuca species, are mostly confined to the immediate vicinity of drainage lines.

There are no climatic or topographic impediments to year-round exploration.

2.3 Status of tenure

Desert Metals has supplied information to SRK which indicates that the Company has a 100% legal and beneficial interest in the granted tenure.

Table 2-1 presents a summary of the ownership and tenure status as at 5 November 2020.

SRK has made all reasonable enquiries into this status and has relied on representations from Desert Metals that the information is correct for the purpose of the Report. Particular reference is given to the footnotes to Table 2-1.

Table 2-1: Tenement schedule

Tenement	Application date	Grant date	Expiry date	Prospect	Commodity	Blocks	Area (km ²)	Minimum expenditure	Rent	Native title agreement
EL09/2303	16/3/2018	07/01/2019	06/01/2024	Irrida Hill	Nickel, copper, gold	11	34.0	\$20,000	\$1,551	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) No objections lodged under Native Title Act No Registered Aboriginal Sites No Other Heritage Places
EL09/2330	10/10/2018	05/12/2019	04/12/2024	Innouendy	Nickel, copper, gold	120	370.7	\$120,000	\$16,920	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) Objection WO2019/0253 lodged by Wajarri Yamatji #1 on 04/04/2019 and dismissed on 02/12/2019 (dismissed under section 148(b) Native Title Act 3 Registered Aboriginal Sites - 10035 ERONG 08 – Engraving - 10036 ERONG 09 – Engraving - 10037 – ERONG 10 – (Artefacts/Scatter, Engraving, Water Source) No Other Heritage Places
EL09/2331	10/10/2018	05/12/2019	04/12/2024	Opal Bore	Nickel, copper, gold	123	380.0	\$123,000	\$17,343	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) Objection WO2019/0254 lodged by Wajarri Yamatji #1 on 04/04/2019 and dismissed on 02/12/2019 (dismissed under section 148(b) Native Title Act No Registered Aboriginal Sites No Other Heritage Places
EL09/2351	22/2/2019	11/10/2019	10/10/2024	Irrida East	Nickel, copper, gold	120	370.7	\$120,000	\$16,920	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) No objections lodged under Native Title Act No Registered Aboriginal Sites No Other Heritage Places

Tenement	Application date	Grant date	Expiry date	Prospect	Commodity	Blocks	Area (km ²)	Minimum expenditure	Rent	Native title agreement
EL51/1901	31/7/2018	03/04/2019	02/04/2024	Hooper	Nickel, copper	27	83.4	\$27,000	\$3,807	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) No objections lodged under Native Title Act No Registered Aboriginal Sites No Other Heritage Places
EL52/3650	31/7/2018	02/04/2019	01/04/2024	Breakaway	Nickel, copper	16	49.4	\$20,000	\$2,256	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) No objections lodged under Native Title Act 2 Registered Aboriginal Sites - 11469 Gianna Rockhole (Engraving, Water Source) - 11470 Cliffs (Artefacts/Scatter, Engraving, Other: Rockhole) No Other Heritage Places
EL51/1907	26/9/2018	05/11/2020	04/11/2025	Belele	Copper, lead, zinc, gold	25	77.2	\$25,000	\$3,525	Wholly within Wajarri Yamatji #1 claim area (WC2004/010) (100%) Objection WO2019/0255 lodged by Wajarri Yamatji #1 on 04/04/2019 and withdrawn on 05/11/2020 No Registered Aboriginal Sites No Other Heritage Places
EL52/3665	26/9/2018	05/11/2020	04/11/2025	Dingo Pass	Nickel, copper, gold	80	247.2	\$80,000	\$11,280	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) Objection WO2019/0256 lodged by Wajarri Yamatji #1 on 04/04/2019 and withdrawn on 05/11/2020 No Registered Aboriginal Sites No Other Heritage Places

Tenement	Application date	Grant date	Expiry date	Prospect	Commodity	Blocks	Area (km ²)	Minimum expenditure	Rent	Native title agreement
EL52/3741	23/8/2019	05/11/2020	04/11/2025	Mt Gould	Nickel, copper	17	52.5	\$20,000	\$2,397	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) Objection WO2019/1152 lodged by Wajarri Yamatji #1 on 17/12/2019 and withdrawn on 05/11/2020 No Registered Aboriginal Sites No Other Heritage Places

Notes: EL – Exploration Licence.

* SRK accessed the TENGGRAPH online platform to confirm this on 5/11/2020.

2.4 Native title

All of the Tenements except for E51/1907 are wholly overlapped by the Wajarri Yamatji #1 (WCD2017/007) determination area.

A heritage agreement has been signed with Wajarri Yamatji for EL09/2303 and all other licenses are currently under negotiation.

2.5 Previous exploration

Table 2-2 provides a summary of the historical exploration work conducted on the Project's tenure.

Table 2-2: Chronological summary of past exploration relevant to the Project

Year	Company	Target	Activities undertaken
1971-1973	International Nickel Aust Ltd	Base metals	Geology, photogeology, geophysics, ground magnetic surveys, IP surveys
1978-1979	Pancontinental Mining Ltd	Uranium	Radiometric survey, rock, geochemical and soil sampling
1979-1981	Urangesellschaft Aust Pty Ltd	Uranium	Geology mapping
1983-1984	CSR Ltd	Gold, copper, zinc	Rock chip and soil sampling, panned concentrates
1984-1986	Mr Girschik HF	Gold	Digitising from photos, resampling of old workings
1985-1995	CRA Exploration Ltd	Gold, base metals, diamond	Desktop review, sampling, drilling
1986-1988	BHP Minerals Pty Ltd	Gold	Electromagnetic and magnetic surveying, RC drilling
1987-1988	Hunter Resources Ltd	Gold	Aeromagnetic survey, colour aerial photography, geological mapping, rock chip sampling
1987-1989	Kestrel Mining NL	Gold	Aerial photography, geological mapping, rock chip, stream and soil sampling, RAB drilling
1987-1989	Western Mining Corporation	Gold	Deflation lag sampling
1988-1989	Matlock Mining NL	Gold	Soil and rock chip sampling, RC drilling
1988-1990	Carpentaria Exp Co Pty Ltd	Gold	RAB and RC drilling, stream sediment and soil geochemistry
1989-1990	Horseshoe Gold Mine Pty Ltd	Gold	Aeromagnetic survey, geological mapping, rock chip sampling, stream sediment BLEG sampling
1994-1995	Peregrine Resources Ltd	Gold	Rock and stream sampling, diamond drilling
1994-1997	Helix Resources NL	Gold	BLEG stream sampling
1996-1997	Hillman Gold Mines Pty Ltd	Gold	Mapping, sampling, soil geochemistry, RAB drilling
1997	Hampton Hill	Gold	Rock and soil sampling
1997-1999	Astro Mining NL	Diamond	Processing geophysical data, stream sediment sampling and microprobing, remote sensing
2003-2004	WMC Resources Ltd	Graphite	Rock chip and soil sampling and mapping
2006-2008	Geotech International Pty Ltd	Gold, thorium	Geochemical and rock chip, auger regolith, alluvium sampling
2007-2008	All Star Minerals plc	Gold	Stream sediment, rock chip, soil and laterite

Year	Company	Target	Activities undertaken
			sampling
2007-2008	Hapsburg Exploration Pty Ltd	Uranium	Water sampling, Landsat and spectral interpretation, aeromagnetic interpretation, ground radioactivity surveys
2007-2010	Excalibur Mining Corp Ltd	Uranium	Review and reconnaissance
2007-2011	Sinosteel Midwest Corporation	Iron	Geophysics and remote sensed data acquisition, RC and DD drilling
2007-2013	Cazaly Resources Ltd	Gold, barite, base metals	Rock chip sampling, geological mapping, RepTEM survey, geochemical sampling, AC, RAB and RC drilling
2010-2015	Aurora Minerals Ltd	Gold, base metals	Geological mapping, rock chip and soil sampling, airborne geophysics, RC drilling
2010-2013	Atlas Iron Ltd	Iron	AMAG/ARAD survey
2011-2012	Aurora Minerals Ltd/ Desert Mines and Metals Ltd	Gold, base metals	Geological mapping, rock chip and soil sampling, airborne geophysics, RC drilling
2011-2014	Native Metals Pty Ltd	Base metals, gold	Soil sampling, geological mapping
2012-2014	Fortescue Metals Group	Base metals, gold, iron, uranium	Geological mapping, rock chip sampling
2013-2014	Tianda Uranium	Uranium	Desktop review
2014-2015	Vale Exploration Pty Ltd	Gold, base metals	Geophysical processing and target generation
2018-2020	Stakewell Pty Ltd	Gold	Interpretation and target generation

Source: WAMEX database: <https://www.dmp.wa.gov.au/Geological-Survey/Mineral-exploration-Reports-1401.aspx>

Desert Metals selected its tenure based on applying a conceptual model for mafic-ultramafic intrusion hosted nickel-copper deposits to regional open file datasets such as gravity, magnetics and ASTER remote sensing data. Very little of the previous work in the region targeted this style of mineralisation and thus it was of little use. The main exception is the work completed by Aurora Minerals Ltd (Aurora) between 2010 and 2015. Aurora undertook work on a section of the margin of the Yilgarn Craton within the Project's tenure (rock chip and soil sampling, as well as panning concentrates and Bulk Leach Extractable Gold (BLEG) sampling). This work led to the identification of the Innouendy prospect as a chrome-(nickel) anomaly, which led to an electromagnetic (EM) survey and finally the drilling of one EM anomaly. The drilling did not explain the cause of the EM anomaly and Desert Metals considers the Innouendy prospect untested and a high priority for drill testing.

2.6 Geological setting

The Project is geologically located on the northwestern edge of the Yilgarn Craton. The Yilgarn Craton comprises a combination of metavolcanic and metasedimentary rocks that were intruded by, and deformed around, numerous granitoid intrusive bodies. The Craton has been divided into a series of major provinces, terranes and domains (Gee et al., 1981; Myers, 1997; Swager et al., 1995; Cassidy et al., 2006) and is globally significant for gold endowment as well as base metals and industrial minerals (Figure 2-4).

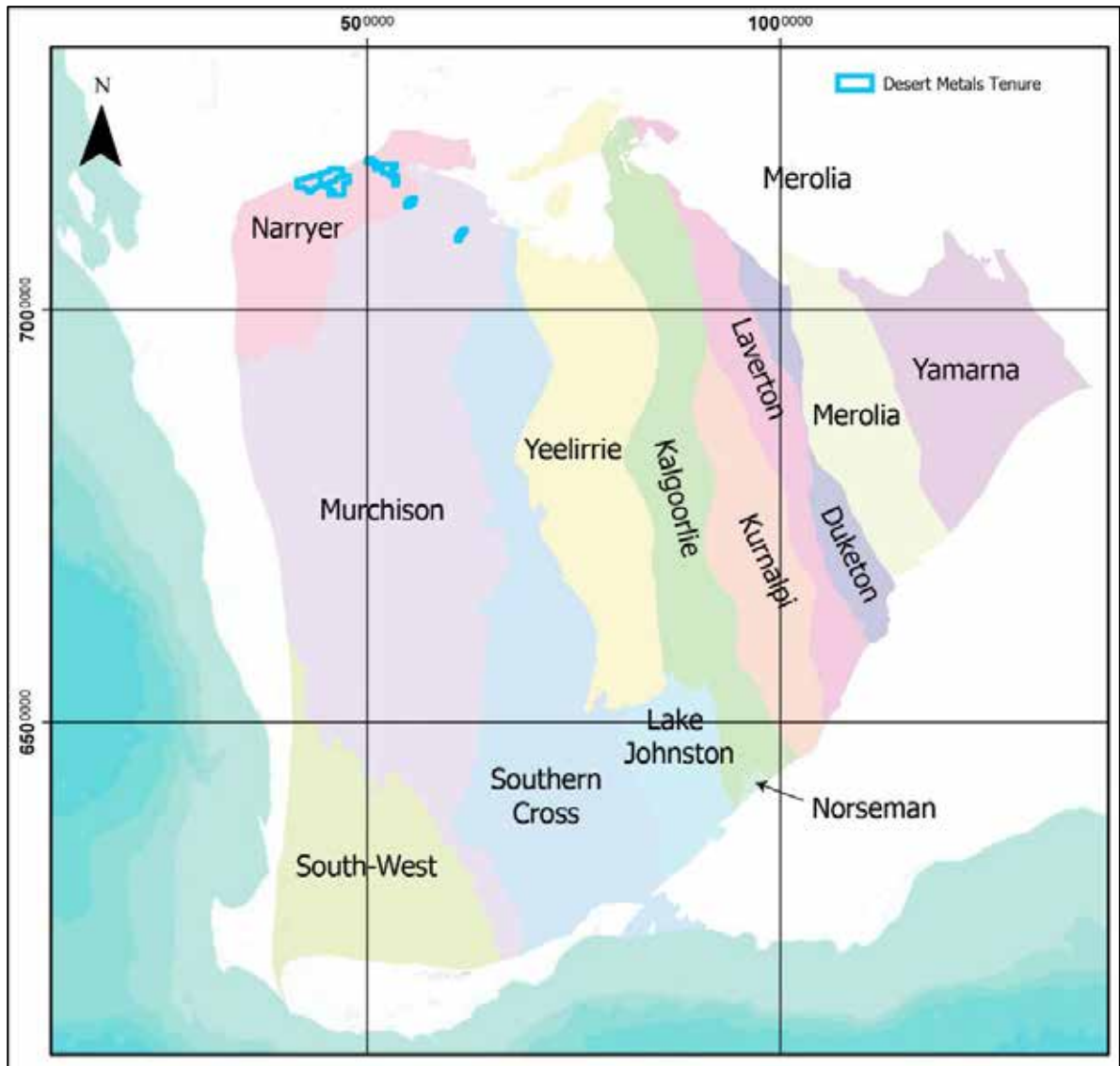


Figure 2-4: Yilgarn Craton terranes

Source: After Cassidy et al., 2016. Coordinates: MGA2020 Zone 50

With the notable exception of EL51/1097 (Belele prospect situated within the Murchison Terrane), the Project is largely located within the Narryer Terrane. Tenements EL09/2330 (Innouendy prospect) and EL09/2331 (Opal Bore prospect) straddle the northern boundary of the Narryer Terrane and the southern boundary of the Gascoyne Complex (Figure 2-5).

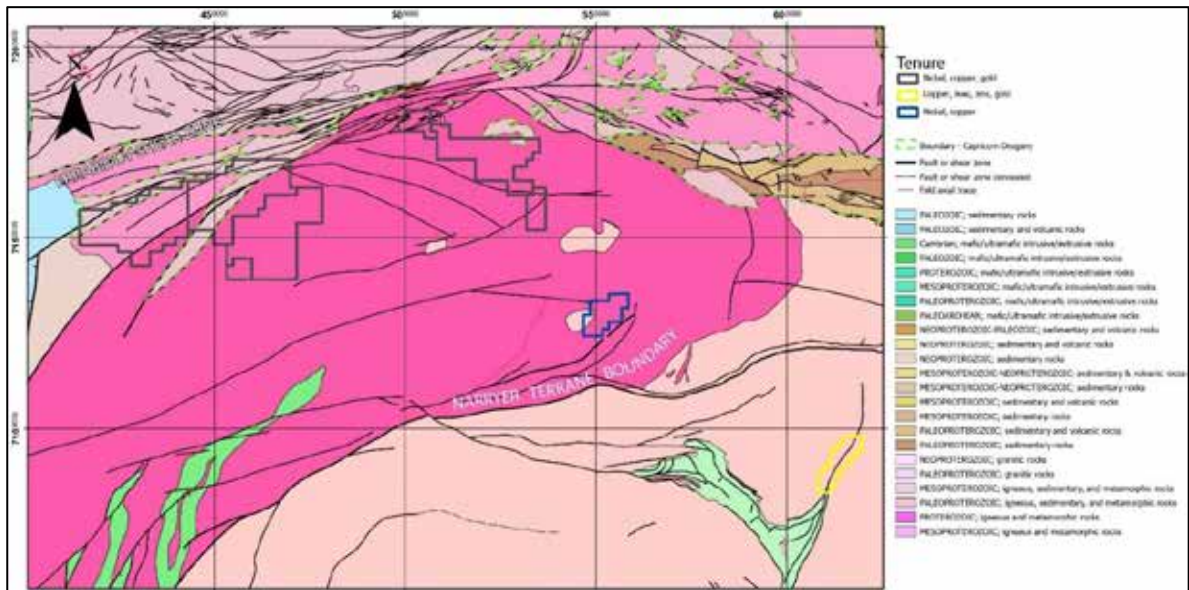


Figure 2-5: Geological setting

Source: Australian Government: Geoscience Australia. Coordinates: MGA2020 Zone 50

The Gascoyne Complex consists of high-grade metasedimentary rocks, orthogneiss and granitoid intrusions (western part). Further east, the rocks are unconformably overlain by sequences of the Bangemall Basin. In general, these rocks have experienced intense ductile deformation as a result of the collision of the Yilgarn Craton with the Pilbara block to the north during the Capricorn Orogen, which resulted in a 500 km-wide zone of Proterozoic sedimentation, deformation, metamorphism and magmatism lying between the Archaean Yilgarn Craton (to the south) and the Pilbara Craton (to the north) (Johnson et al., 2013).

2.6.1 Structural setting

An assessment of the regional bouguer gravity dataset has allowed Desert Metals to identify major structural domains over the Project tenure (Figure 2-6). The rocks and structures north of the craton margin have a strong east-northeast trend, which is highlighted by similar gravity anomalies. This trend underlies the northern part of the Opal Bore, Innouendy and Breakaway prospects. The Belele prospect lies parallel along a gravity ridge that may be imaging the eastern limb of a folded greenstone sequence. Immediately west of the Hooper prospect is the clearly identified Jack Hills (hematite-magnetite mineral resource).

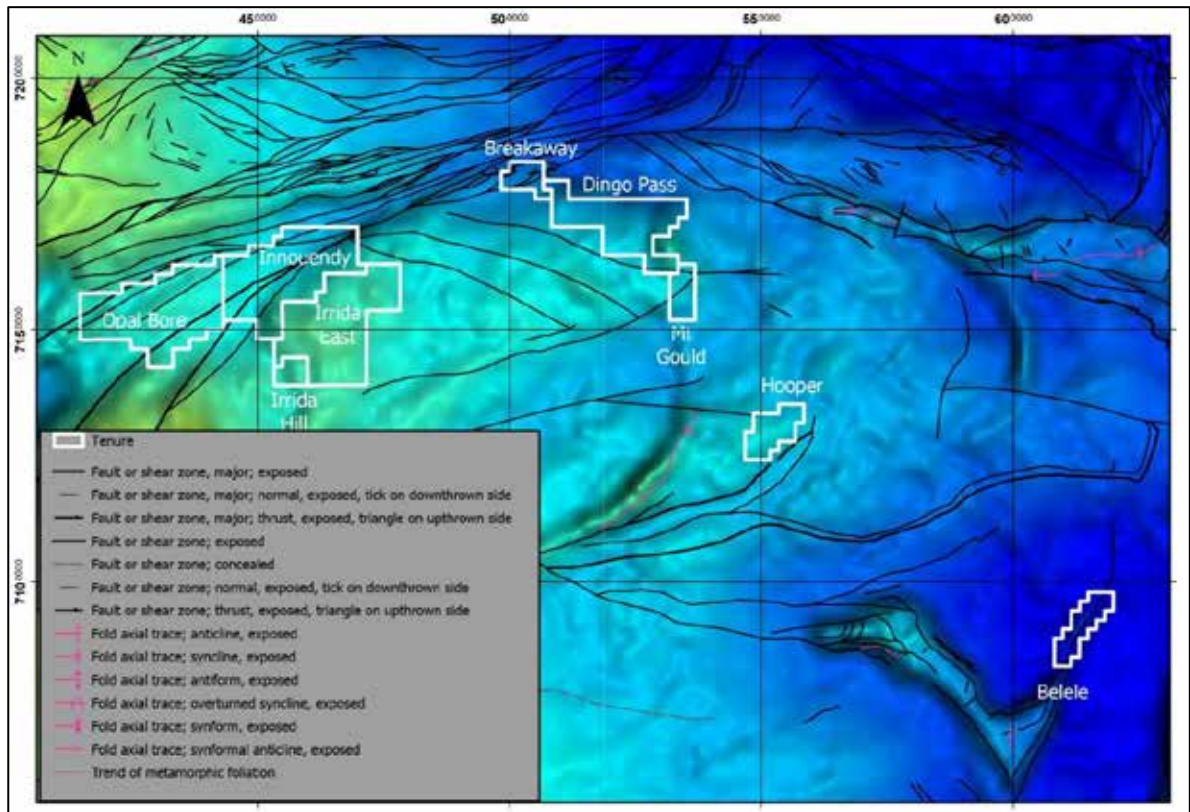


Figure 2-6: Bouguer gravity overlain by major faults and folds

Source: Geological Survey of Western Australia. Coordinates: MGA2020 Zone 50

The reduced-to-pole magnetic dataset also shows a good correlation of magnetic trend with structure (Figure 2-7), particularly on the northwest margin of the craton, i.e. running through the Opal Bore and Innouendy (and to a lesser extent, Breakaway) prospects. The area of intense east-northeast faulting is mainly in the Gascoyne Complex and represents the Errabiddy Shear Zone. The low magnetic response may be a result of magnetite destruction due to faulting and fluid migration.

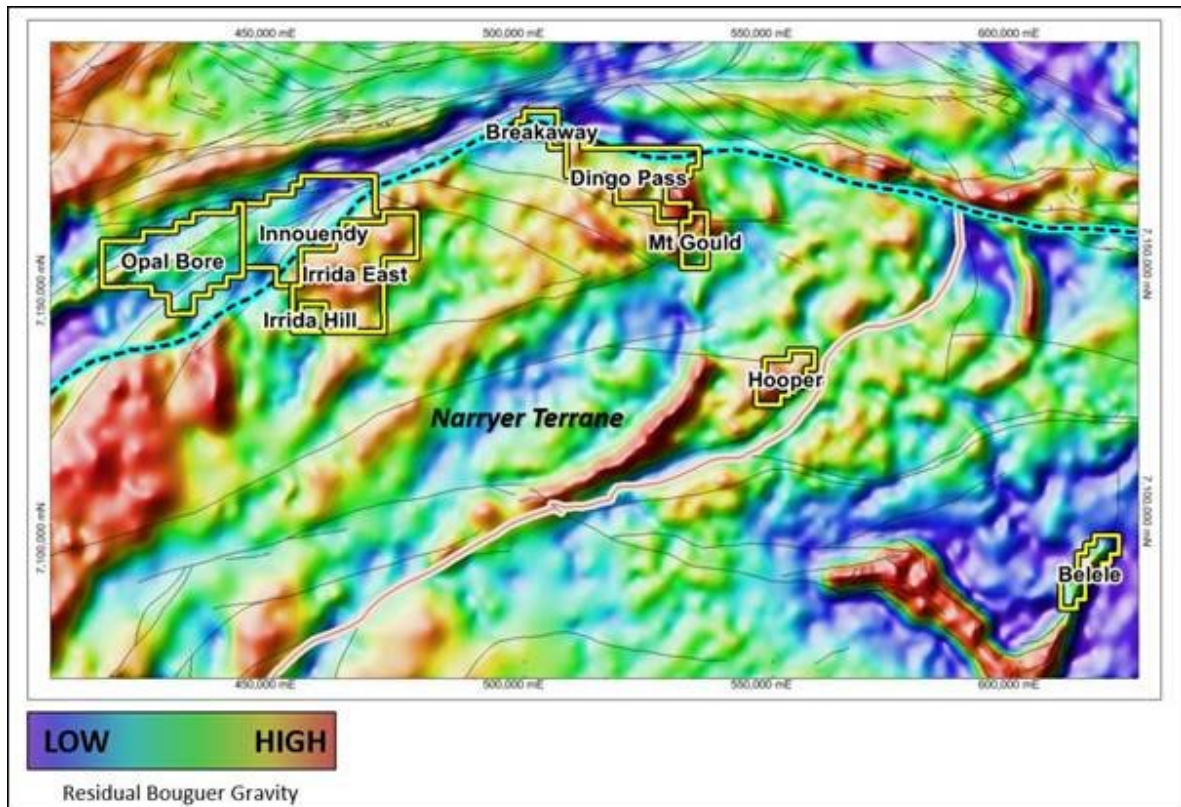


Figure 2-7: Major structures visible in gravity and magnetics images

Notes: Interpreted craton margin [cyan dashed], Narryer terrane boundary [light pink]. GSWA 500k [2020] structure shown
 Source: Geological Survey of Western Australia. Coordinates: MGA2020 Zone 50

2.7 Mineralisation styles

The Project area is prospective for two principal styles of mineralisation: nickel-sulphide mineralisation (or orthomagmatic nickel-copper-platinum group elements (Ni-Cu-PGE)) and orogenic gold mineralisation. Sections 2.71 and 2.72 provide a descriptive overview of these two mineralisation styles.

2.7.1 Nickel-copper-sulphide

Nickel-copper-sulphide mineralisation results from lithospheric-scale earth processes. Australia holds the world's largest (25%) economic resources of nickel and ranks sixth in global nickel production (Bermudez-Lugo, 2017). The vast majority of this inventory is contained within lateritic and komatiitic deposits. Archaean komatiite-hosted nickel-sulphide deposits are Australia's principal source of current nickel production. By comparison, tholeiitic intrusion-hosted Ni-Cu-PGE deposits, typified by the Norilsk, Voisey's Bay and Jinchuan deposits, contribute a major proportion of current world production of nickel. Locations of major resources of nickel, copper and PGEs in Australia are shown in Figure 2-8.

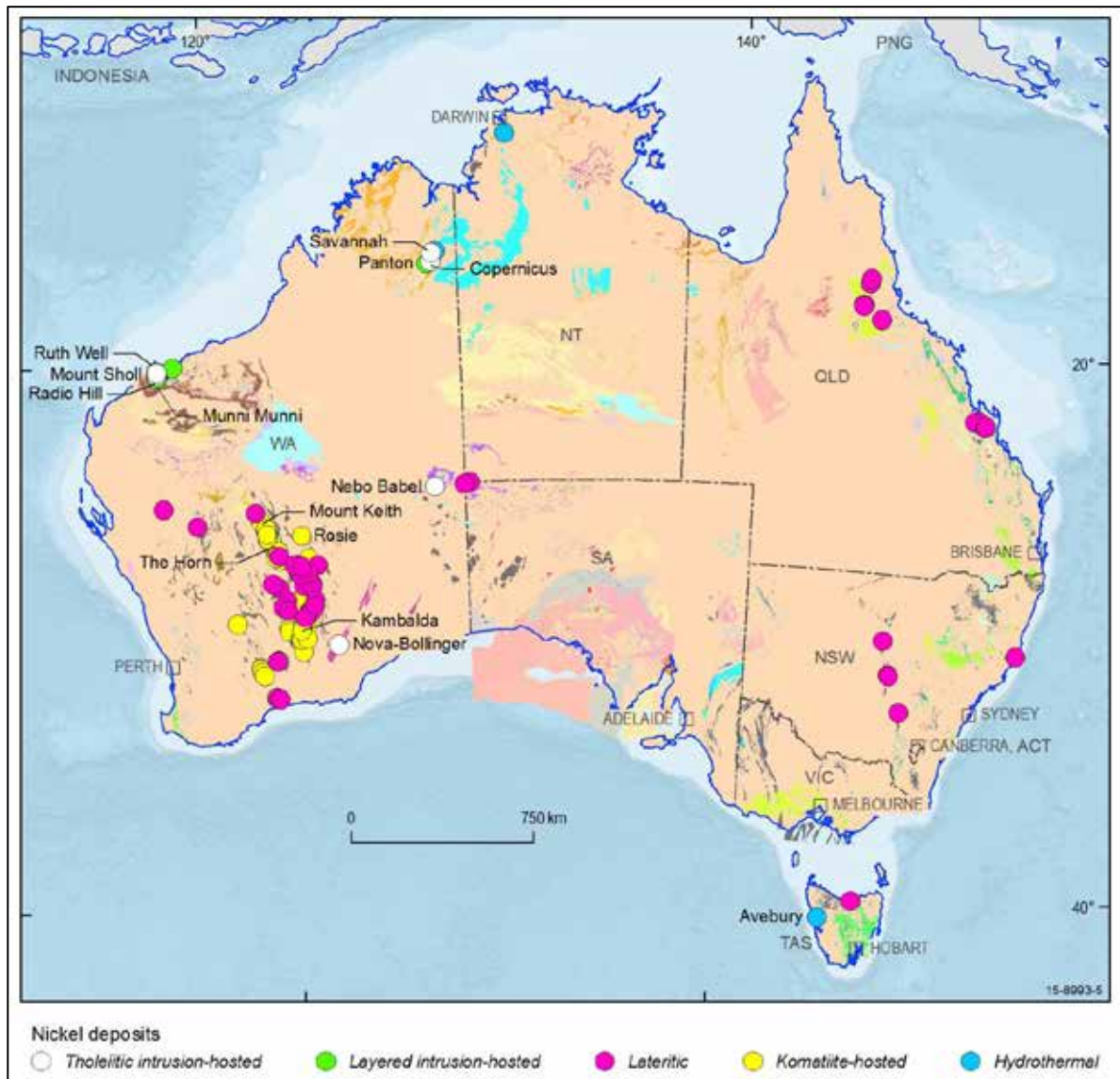


Figure 2-8: Locations of major nickel deposits of Australia shown by type of deposit

Source: GIS dataset (Geoscience Australia), Dufler et al., 2016

Note: The coloured geology polygons show the distribution of mafic and ultramafic rocks (coloured by event) from the Australian Mafic-Ultramafic Magmatic Events.

Ni-Cu-PGE sulphide deposits form as a result of the segregation and concentration of droplets of liquid sulphide from mafic or ultramafic magma and the partitioning of chalcophile elements into these from silicate magma (e.g., Arndt et al., 2005; Naldrett, 2011). In a generic sense, the orthomagmatic processes that produce sulphide-rich Ni-Cu-PGE deposits involves:

- a high degree of partial melting in the mantle
- ascent of the melts into the crust
- sulphide-melt saturation and incorporation of chalcophile elements
- concentration of the sulphide melt and upgrading of metal contents
- emplacement of the sulphide melts in the deposit environment.

Figure 2-9 illustrates a general model showing a range of ore system types, including:

- komatiite-associated deposits (high Magnesium Oxide) (e.g., Kambalda, Perseverance)
- tholeiitic intrusion-hosted deposits (Voisey's Bay, Nebo-Babel)

- tholeiitic basalt and picrite-related deposits (Norilsk-Talnakh)
- PGE deposits with associated Ni-Cu sulphides hosted by large layered mafic-ultramafic intrusions (e.g. Bushveld Complex).

One of the key mechanisms required for economic mineralisation formation is sulphide-melt saturation. Immiscibility of sulphide melts in their host ultramafic-mafic silicate magma leads to segregation of the sulphide melts, after which they are free to migrate according to the dynamics of the tectono-magmatic system. Sulphide melts increase their metal content through interaction with large volumes of metal-undepleted silicate magma (e.g. Naldrett, 2004, 2010). Cooling leads to sulphide exsolution. Ores tend to be rich in sulphides (10–90% sulphide), with assemblages dominated by pyrrhotite (and generally lesser) pentlandite, chalcopyrite and pyrite. The tenor of sulphide ore depends on the initial composition of the magma and the extent to which metal segregates into the sulphide liquid; PGE contents (Os, Ir, Ru, Rh, Pt, Pd) can be highly variable.

Sulphide solubility in magmas increases with decreasing pressure (higher crustal levels), leaving mantle melts undersaturated in sulphide at the upper-crustal levels. For a sulphide melt to form and segregate from the magma (Naldrett, 2004, 2011; Ripley and Li, 2013), either:

- 1 Sulphur must be added from an external source
- 2 Sulphide solubility must be reduced by compositional or physical changes in the magma
- 3 The volume of silicate liquid must be reduced through silicate crystallisation.

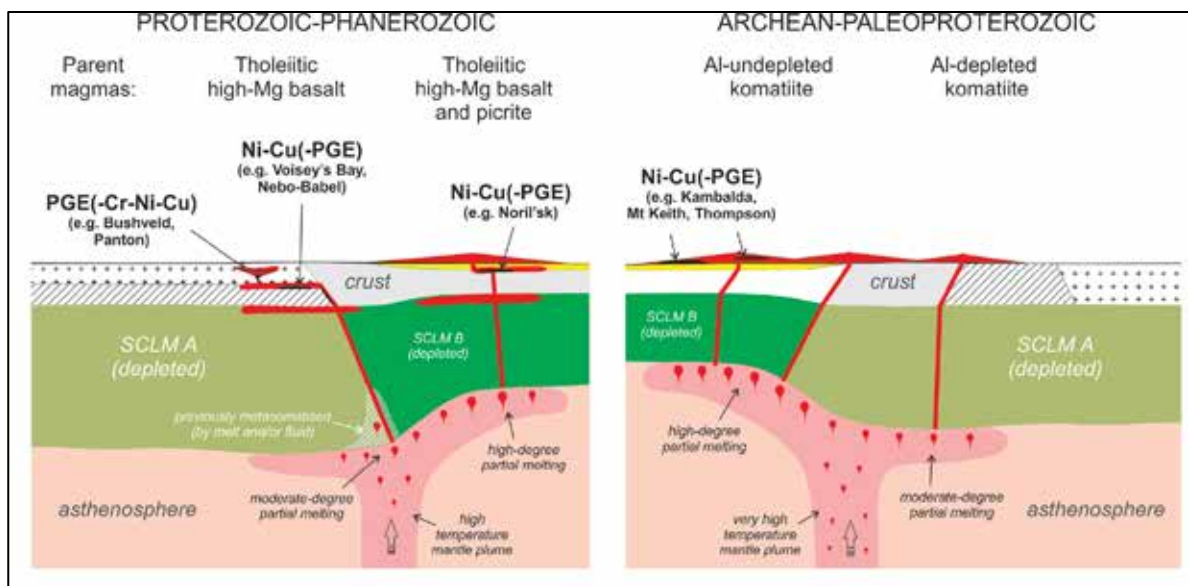


Figure 2-9: Model of Ni-Cu-PGE sulphide ore-forming systems

Source: Dufler et al., 2016

Note: SCLM A (depleted) and SCLM B (depleted) represent separate blocks of sub-continental lithospheric depleted mantle.

2.7.2 Orogenic gold mineralisation

Most of the Archaean gold deposits in the Yilgarn Craton belong to a group of structurally controlled lode-style deposits, commonly referred to as orogenic gold deposits. These Neoproterozoic-aged orogenic gold deposits are the predominant style of gold mineralisation throughout the Yilgarn Craton and include giant deposits (>10 million oz) such as Golden Mile, St Ives, Norseman and Jundee.

At the regional scale, most orogenic deposits are spatially associated with regional shear zones. In greenstone belts within the Eastern Goldfields Terrane, significant vein-hosted gold deposits are typically distributed along specific regional structures formed under compressional to transpressional regimes. Due to their association with regional structures, such gold camps are typically located at

the boundaries of contrasting lithologies or age domains within the greenstone belts. Within these camps, the gold deposits commonly cluster along structures where they are localised at bends within the structure or at the intersection of two or more faults (Goldfarb et al., 2005; Robert et al., 2005).

Gold mineralisation occurs in most rock types, with the size of the deposit dependent on both structural and lithological factors (e.g. Robert, 2004). However, the presence of structures (such as faults and shear zones) and the way in which rocks deform (i.e. brittle, and thus snapping, or ductile, i.e. bending) are major determinants of gold localisation.

For example, the following settings are universally present in economic gold deposits:

- Faults developed along the contacts between differing rock types, often between units of contrasting competencies, with gold mineralisation preferentially occurring at bends and intersecting structures.
- Competent rock units enclosed within less competent sequences that favour fracturing and veining. Common gold-bearing rock types include iron-rich rocks such as tholeiitic basalts, differentiated dolerite sills and BIFs, and intermediate to felsic intrusions, whether they intrude mafic-ultramafic volcanic or clastic sedimentary rocks.

Examples of general deposit models with 'early syn-tectonic mineralisation' are evident in the Leonora district and include deposits such as Sons of Gwalia, Tower Hill and Harbour Lights (Witt, 2002). These deposits are defined by ductile high strain zones, where the hydrothermal system has developed and is marked locally by quartz veining and potassic alteration. A broad carbonate alteration system and geochemical anomalies typically provide an enlarged footprint to the gold mineralisation, which is useful for exploration. This can include increased levels of arsenic and antimony, as well as elevated potassium, rubidium, bismuth, molybdenum, and tungsten contents around the gold mineralisation.

Late-stage gold mineralisation recognised by Witt (2002) and termed 'late – post-tectonic mineralisation', includes deposits such as Tarmoola, which are considered more widespread than the early gold mineralisation. In this type of deposit, gold mineralisation occurs in brittle-ductile faults, particularly where there are contrasts in rock type competencies. This style of mineralisation is typically developed along north–south oriented faults and where these faults are intersected by later structures, including west-northwest striking faults. A broad potassic alteration zone and a larger zone of carbonate alteration are typical features of this style of mineralisation.

Figure 2-10 shows an example of orogenic gold in comparison with other styles of gold mineralisation such as placer, skarn, epithermal or porphyry type. It shows that 'orogenic' gold systems can develop at deep to mid-crustal levels (relative to epithermal and porphyry systems) and be preserved in deformed terranes.

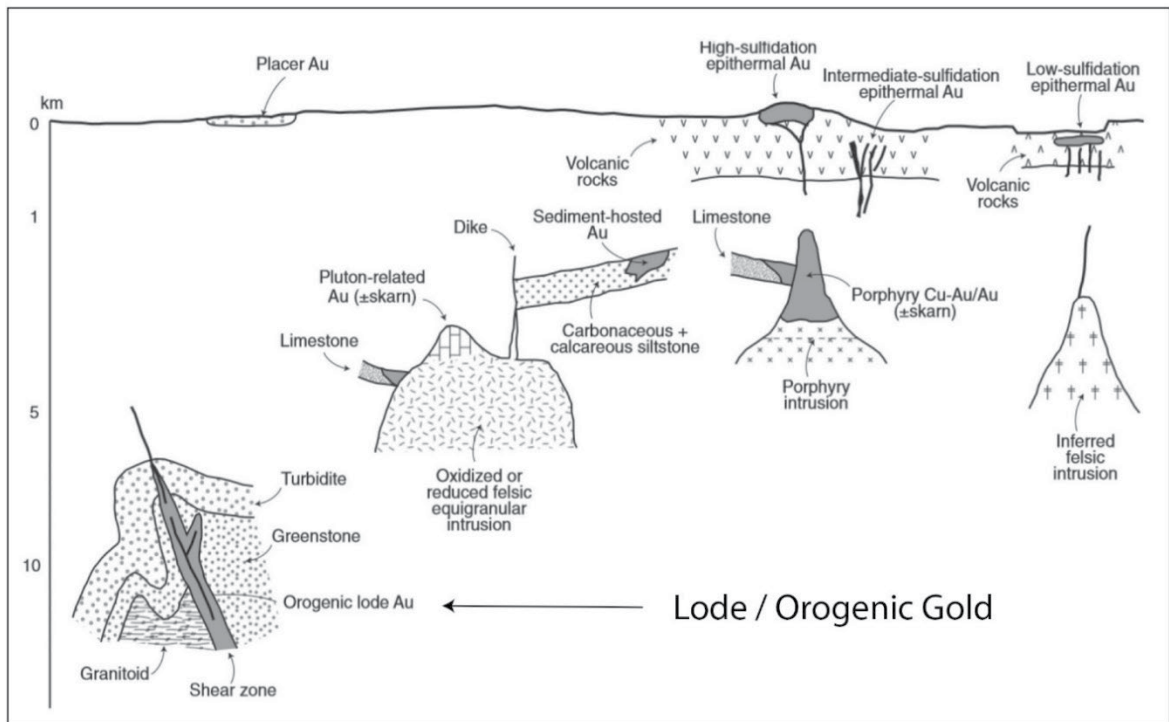


Figure 2-10: Orogenic gold in relation to other types of gold deposits

Source: Sillitoe, 2008

2.8 Desert Metals' mineralisation model

2.8.1 Nova-Bollinger nickel-copper-sulphide analogue

In SRK's opinion, the Project has a similar geological setting to the Nova-Bollinger nickel-copper-sulphide deposit. Both are located on the edge of the Yilgarn Craton (Figure 2-11). A number of key criteria display robust similarities between the Narryer Terrane and the Albany-Fraser Terrane, as illustrated in Figure 2-12. These similarities are reinforced by the recent discovery of the Julimar Ni-Cu-PGE deposit by Chalice Gold Mines Ltd, in a similar setting, where the deposit is situated on the western margin of the Yilgarn Craton.

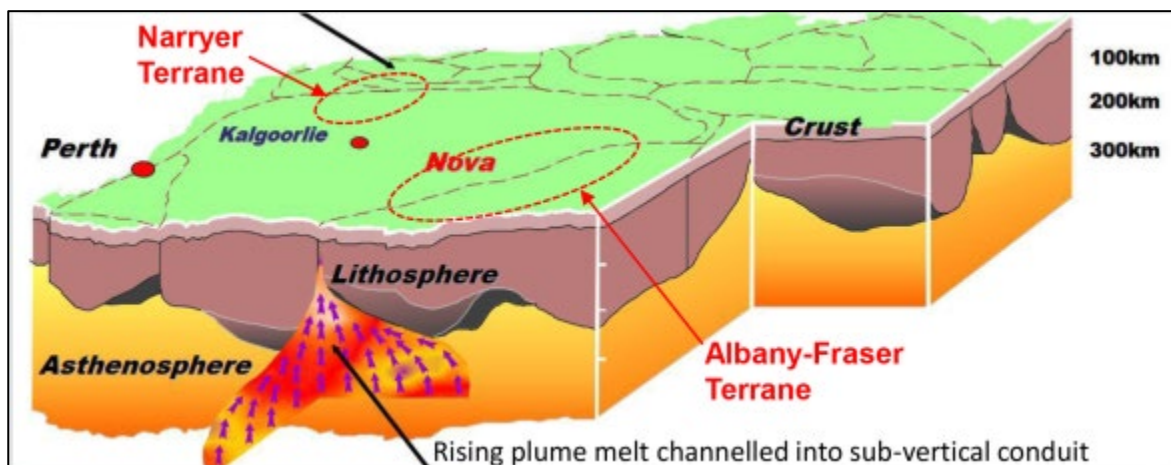


Figure 2-11: Upper lithospheric domains interpreted at 100 km depth and projected to surface

Source: Desert Metals Management Information

Criteria for magmatic nickel-copper	Narryer	Albany-Fraser
Craton margin	✓	✓
Mantle tapping structures	✓ <i>Primitive magmas - lamprophyres, past diamond exploration</i>	✓
Mafic-Ultramafic Intrusives	✓ <i>Desert Metals have field located and staked several previously unmapped mafic/ultramafic intrusions</i>	✓
EM Conductors	✓ <i>Strong EM conductor at Innouendy & Irrida prospects - untested</i>	✓ <i>Nova-Bollinger</i>
Evidence of Ni-Cu sulphides	✓ <i>Sulphides in ultramafic intrusion intersected in "near miss" drilling at Innouendy</i>	✓ <i>Nova-Bollinger</i>

Figure 2-12: Similarities between the northern and southern margins of the Yilgarn Craton

Source: Desert Metals Management Information

Associated with collisional events is extension either in a back-arc basin setting, slab roll-back from the continental plate that is being subducted (pushed under), or magma pressure modifying regional deviatoric stresses. Thus, on the edge of a craton (what was an active continental margin), it would be expected that major extensional structures perpendicular to the maximum compression, in this case contemporary east-west, would result in the formation of volcanoes and subsequent tholeiitic intrusions. While these intrusions themselves can be difficult to detect under cover, any massive sulphide mineralisation within them can be detected by electromagnetic survey and will usually act as a strong conductor. Magnetic data can also detect such massive sulphide bodies due to the normally abundant pyrrhotite; however, in the Narryer terrain there are also many magnetite bodies unrelated to magmatic intrusions (usually related to BIF). Targeting magmatic intrusions with magnetics alone is therefore only moderately effective.

Figure 2-13 presents a simplified geological overview that includes possible extension-related Proterozoic lithologies (caused by a rifting event).

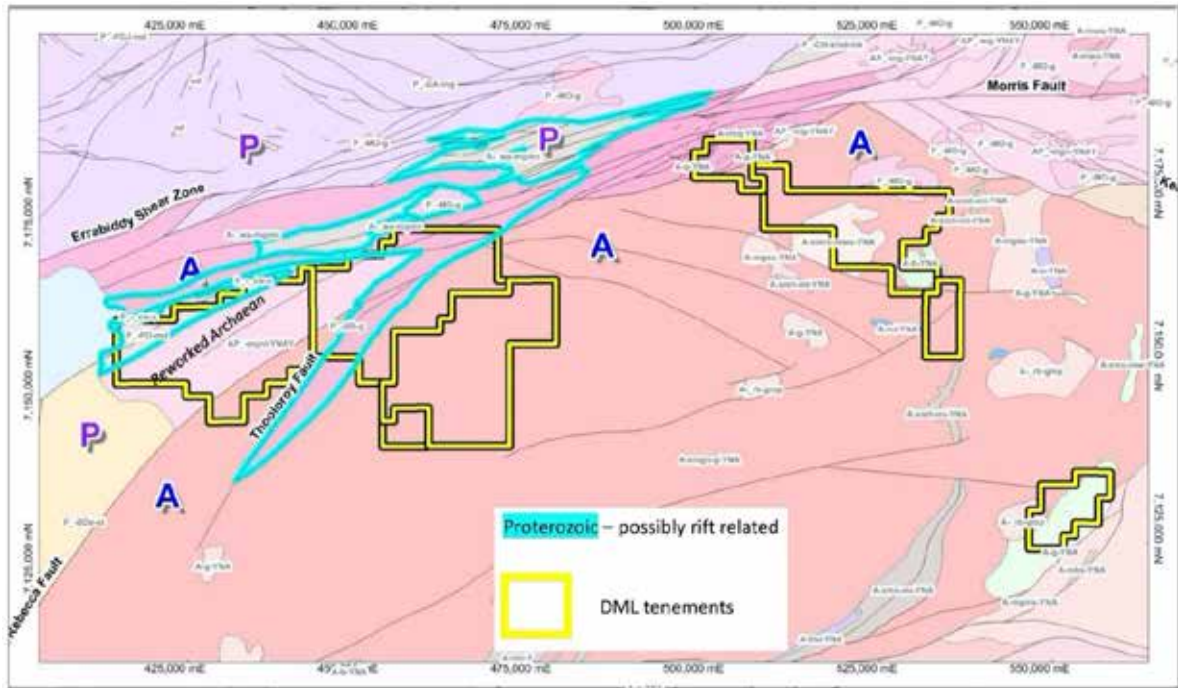


Figure 2-13: Simplified geology map showing area of potential rifting

Source: \ Desert Metals Management Information
 Notes: A – Archaean, P – Proterozoic.

2.8.2 Exploration potential and mineralisation targeting

Modelling of gravity and magnetics for edge detection filtering has been applied using propriety edge detection algorithms developed by Fathom Geophysics Ltd (Figure 2-14). These edges or geophysically derived structures form an important interpretation mechanism used by Desert Metals, particularly to interpret major structures such as the craton margin, and to assist with identifying targets for follow-up work. As a result of this type of modelling, structures of a particular orientation can be filtered out from the data to aid interpretation and identification of fold hinges, fault dilation and intersections.

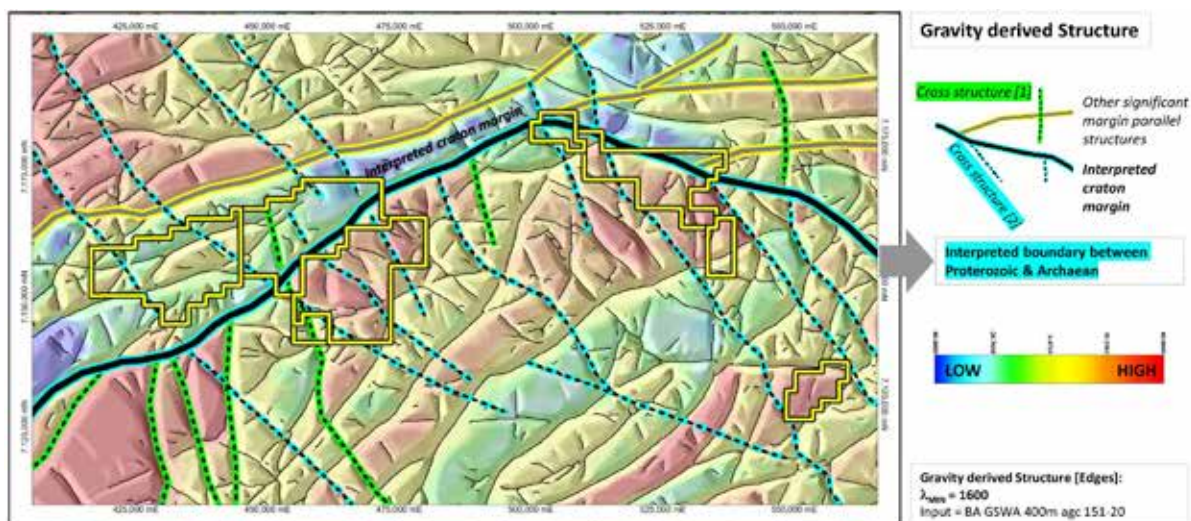


Figure 2-14: Gravity-derived structures

Source: Modified 1:500k geology by Desert Metals. Gravity – Desert Metals and Fathom Geophysics Ltd.
 Notes: A – Archaean, P – Proterozoic.

Irrida Hill and Irrida East prospects (E09/2302, E09/2351)

The Irrida Hill prospect has been interpreted as a potential nickel-copper intrusive target (Figure 2-15). This interpretation is based on a strong, discrete magnetic low associated with remanent magnetism at a structural intersection. Previous shallow drilling by Western Mining and later by Aurora Minerals to the north and south of Irrida returned anomalous nickel and copper hosted within ultramafic units (WAMEX reports A105819 and A8056).

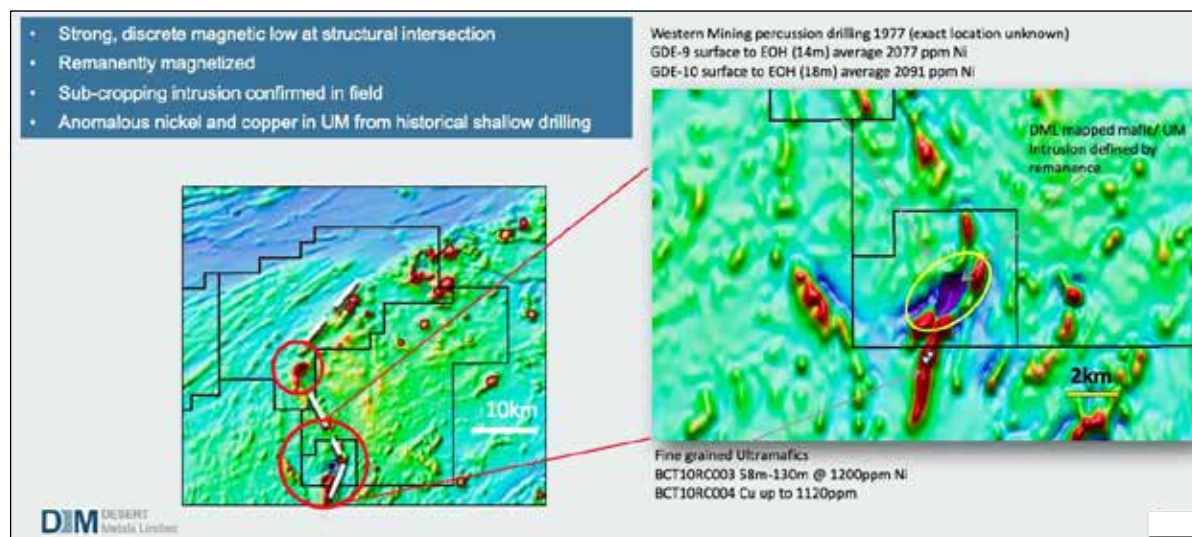


Figure 2-15: Nickel-copper intrusive prospect – Irrida Hill

Source: Desert Metals Management Information. Drilling in WAMEX reports A105819 and A8056.

Desert Metals undertook a moving loop electromagnetic (MLEM) survey over the remnant magnetic feature at Irrida. The survey identified several anomalies on initial 400 m spaced lines and subsequent 200 m spaced infill lines (Figure 2-16). Such anomalies indicate the presence of conductive material which could be nickel sulphide mineralisation, barren (iron) sulphides, graphite bearing rock, or even hypersaline groundwater. Modelling of the data by Fathom Geophysics has identified several discrete, highly conductive elongate bodies striking north-south with semi vertical dips. The bodies have a vertical extent of several hundred metres and a strike length of greater than 1,200 m. The up-dip and up-plunge tip of this body commences at a depth of ~50 m below surface and deepens to the south. These anomalies stand out clearly from the background (Figure 2-16), and the observed response profiles fit very well with the theoretical responses, and have resulted in a number of drill targets which will be tested as soon as environmental and heritages clearances are obtained.

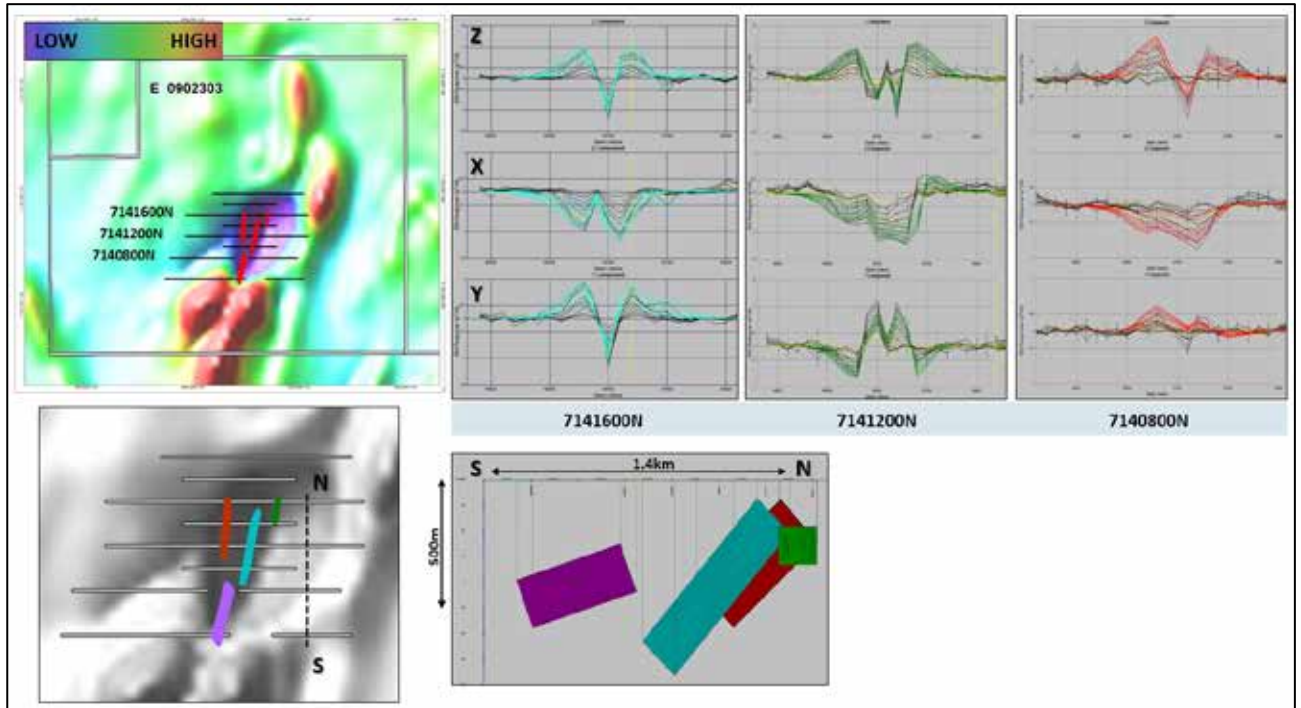


Figure 2-16: Evidence for nickel-copper prospect from magnetics and EM conductors – Irrida Hill

Source: Desert Metals Management Information. Drilling in WAMEX reports A105819 and A8056.

Note: Top LEFT figure - RTP magnetic image. Top RIGHT figure - X, Y, Z components of modelled ground MLEM data for three of the eight survey lines. Black – raw data, coloured lines - modelled response [as annotated]. Bottom LEFT figure - the modelled plates [conductors] over the greyscale magnetic image. Bottom RIGHT figure: a north-south section [looking west] showing the modelled conductors [same colours at the image to the left].

The target areas are easily accessible for scout drill testing (Figure 2-17).

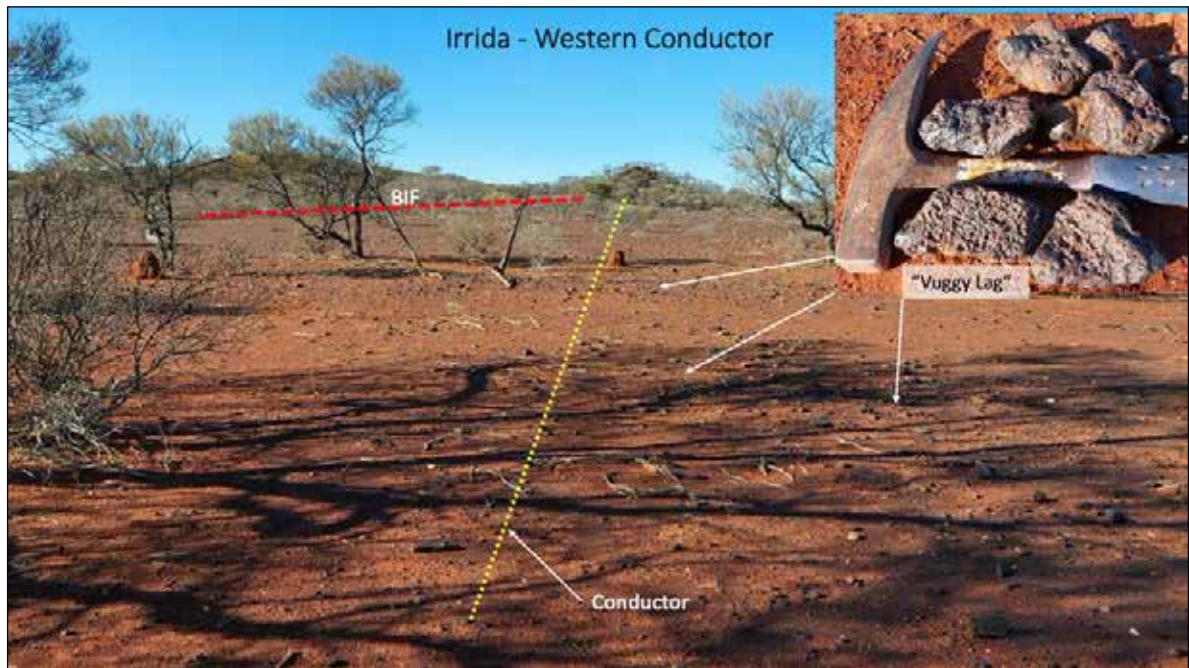


Figure 2-17: Western conductor at Irrida Hill

Source: Desert Metals Management Information

Innouendy prospect (E09/2330)

The Innouendy prospect was first recognised by Aurora Minerals Ltd (Table 2-3) as potentially prospective for nickel and copper sulphides by the mapping of weathered ultramafic outcrops in 2010. These ultramafics were considered potential hosts for base metals and nickel and a total of 21 rock chip samples were collected.

Several rocks anomalous in base metals assay were reported, significant reported results were:

- nickel – maximum 1,290 ppm, 9 samples greater than 100 ppm
- chrome – maximum 4,780 ppm, 5 samples greater than 1000 ppm
- copper – maximum 162 ppm, 4 samples greater than 100 ppm
- zinc – maximum 846 ppm, 7 samples greater than 100 ppm.

Source: WAMEX Report A090130, 2010. More details are provided in Appendix A.

The anomalous rock chips led to Aurora completing a soil sampling grid over an area of elevated magnetic response assumed to be associated with ultramafic rocks. No significant nickel or copper anomalism was detected although a significant chrome anomaly was returned from these data.

The transported nature of the soil cover makes it difficult to draw conclusions about the significance of these data or any potential basement rock mineralisation. Therefore, Aurora decided to collect airborne EM data (VTEM) to identify any basement conductors that might be caused by economic sulphide mineralisation. The data were collected in 2011 (WAMEX A093200) and more details are provided in Appendix A.

A strong, discrete late-time anomaly was detected by the VTEM survey coincident with a large magnetic anomaly. One possible interpretation is that the late-time conductor is caused by sulphide mineralisation that has pooled within a mafic or ultramafic intrusion. The discrete magnetic anomaly may define the boundary of the intrusion. The VTEM conductors were initially targeted by two RC holes (RC001, RC002) and then after reinterpretation by a further RC hole (RC004). Targeting directly from airborne EM has inherently greater uncertainty than ground EM and none of the holes intersected mineralisation. Later modelling of more precise ground EM data suggests all these holes were too shallow and lie to the south of the conductors. Moving loop ground electromagnetics (MLEM) was planned to better define the location of the conductors.

However, the MLEM data appear to have been collected erroneously, which made it impossible to model quantifiably. Nonetheless, a diamond hole IND001 was planned. This hole intersected minor stringer sulphides and the hole was surveyed by downhole EM (DHEM). The DHEM indicated a source dipping steeply southward and located off-hole, and another located to the south of the hole. The presence of these two conductors were confirmed by surface fixed loop EM (FLEM).

Modelling of the DHEM in conjunction with the FLEM was done by geophysical consultants Newexco. They confirmed the presence of two 'category 1 conductors for immediate drill testing' and provided collar locations and attitudes of two holes to test. Neither of these holes were drilled although an RC hole (RC005) was drilled from a collar location 35 m away at a different inclination and declination to that recommended by Newexco. Subsequently the hole did not target the centre of the modelled plate. No mineralisation or conductors were intersected in the hole and no DHEM was completed.

Table 2-3: Summary of exploration at the Innouendy Prospect by Aurora Minerals

Data collected	Results	Year	WAMEX Report
Regional rock chip sampling	Significant base metals results reported were; nickel (max. 1,290 ppm, 9 samples greater than 100 ppm), chrome (max. 4,780 ppm, 5 samples greater than 1,000 ppm), copper (max. 162 ppm, 4 samples greater than 100 ppm), zinc (max. 846 ppm, 7 samples greater than 100 ppm).	2010	A090130
Soil sampling	The samples were collected over an area of elevated magnetic response associated with ultramafic rocks. The following anomalies were detected: nickel – max. 168 ppm and 1 sample greater than 100 ppm, copper – max. 66 ppm, and zinc – max. 70 ppm. A significant chrome anomaly was returned from this soil sampling, with a max. of 640 ppm chrome and 485 samples greater than 100 ppm chrome being reported.	2010	A090130
VTEM	Discrete high amplitude late time anomaly detected at Innouendy coincident with magnetic anomaly	2011	A093200
Four RC holes	Holes targeted from VTEM. Traverse to the south of later modelled conductors. The four holes at Innouendy failed to demonstrate the origin of the conductor	2011	A093200
MLEM	Data processing issues were cited by Newexco Services as limiting their ability to interpret the MLEM data but still their model was used to position the diamond drill hole (IND001) which was subsequently drilled.	2012	A097260
INDH001	Drilled from MLEM. Intrusion intersected. Minor sulphides but did not intersect a conductor	2012	A097260
DHEM	The DHEM indicated a source dipping steeply southward and located off-hole, and another located to the south of the hole.	2012	A097260
FLEM	A FLEM survey was carried out in early 2013, as recommended by Newexco, following interpretation of the down-hole EM. Two discrete conductors defined and modelled.	2013	A101018
RC005	Hole drilled with different collar location and declination to that recommended by geophysical consultants Newexco. No conductors intersected.	2013	A101018

Note: EM – electromagnetic; VTEM – versatile time domain electromagnetic; RC – reverse circulation; MLEM - moving loop electromagnetic; DHEM – downhole electromagnetic; FLEM – Fixed loop electromagnetic.

Based on all the available data and information gathered to date, Desert Metals postulates that the Innouendy prospect remains highly prospective for economic nickel copper sulphide mineralisation (Figure 2-18) and that the conductive anomalies identified on four independent electromagnetic surveys remain untested. Airborne EM initially identified high amplitude, late-time conductors while following up on anomalous rock chip samples. These anomalies were subsequently confirmed by follow-up ground EM surveys. The conductors are hosted in ultramafic intrusive rocks on the margin of the Yilgarn Craton and the EM anomalies also display similar characteristics to the EM response at Nova-Bollinger albeit from airborne rather than ground data.

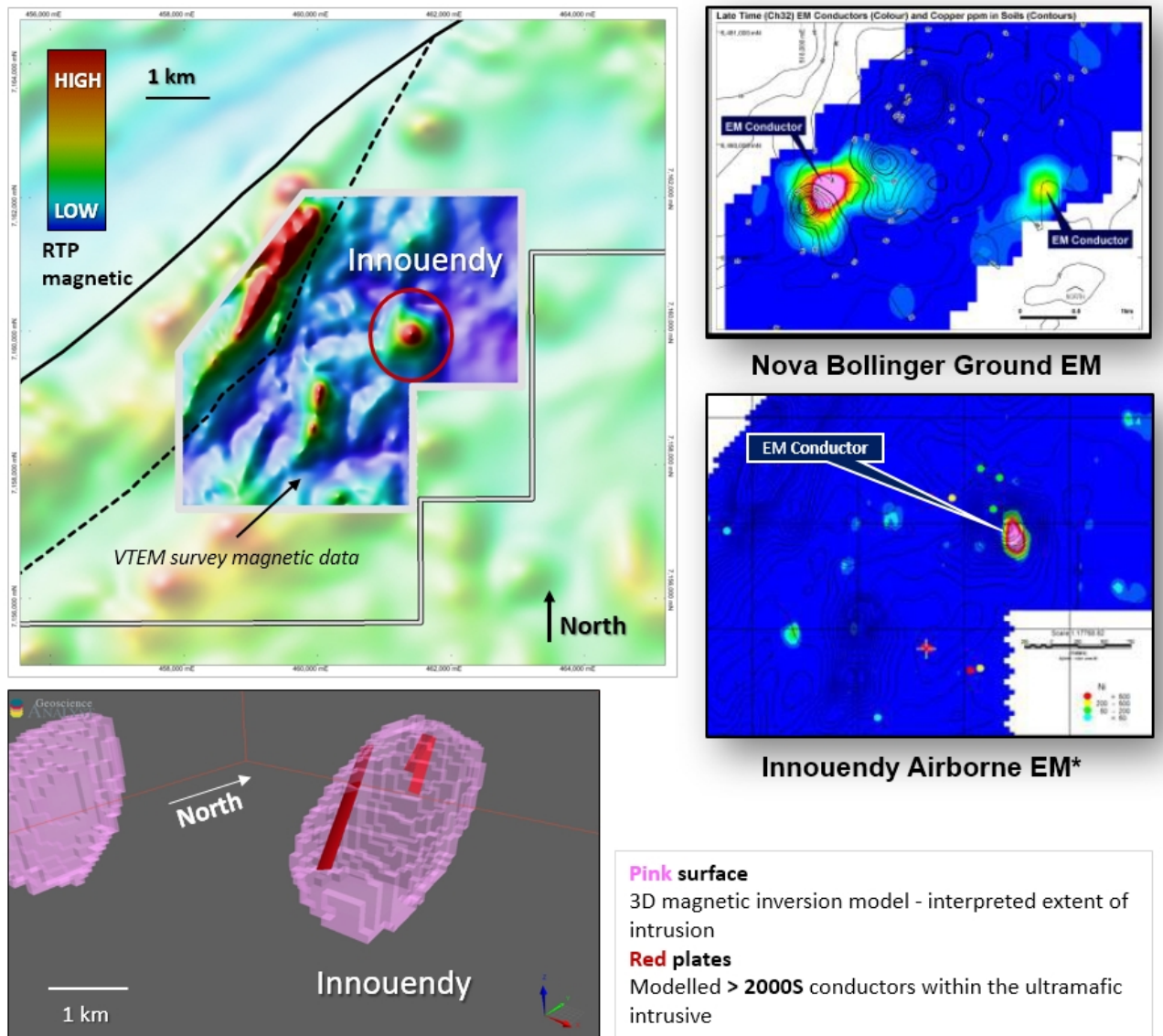


Figure 2-18: Nickel-copper intrusive prospect – Innouendy

Source: Desert Metals Management Information
 Note: VTEM – versatile time domain electromagnetic.

SRK understands that limited drilling to date by past explorers at Innouendy intersected minor sulphide mineralisation as well as large zones with a high percentage of magnetite. On evaluation, Desert Metals has evaluated the data and determined that the downhole EM signatures are related to sulphides and not magnetite. This is supported from drill core observations. The mineralisation is detected as a weak in-hole conductor on downhole EM (yellow line on profiles shown on Figure 2-19). Downhole EM has demonstrated that magnetite has no correlation with in-hole conductors and that the strong response is related to sulphur. Therefore, the strong off-hole conductors are most likely related to sulphides.

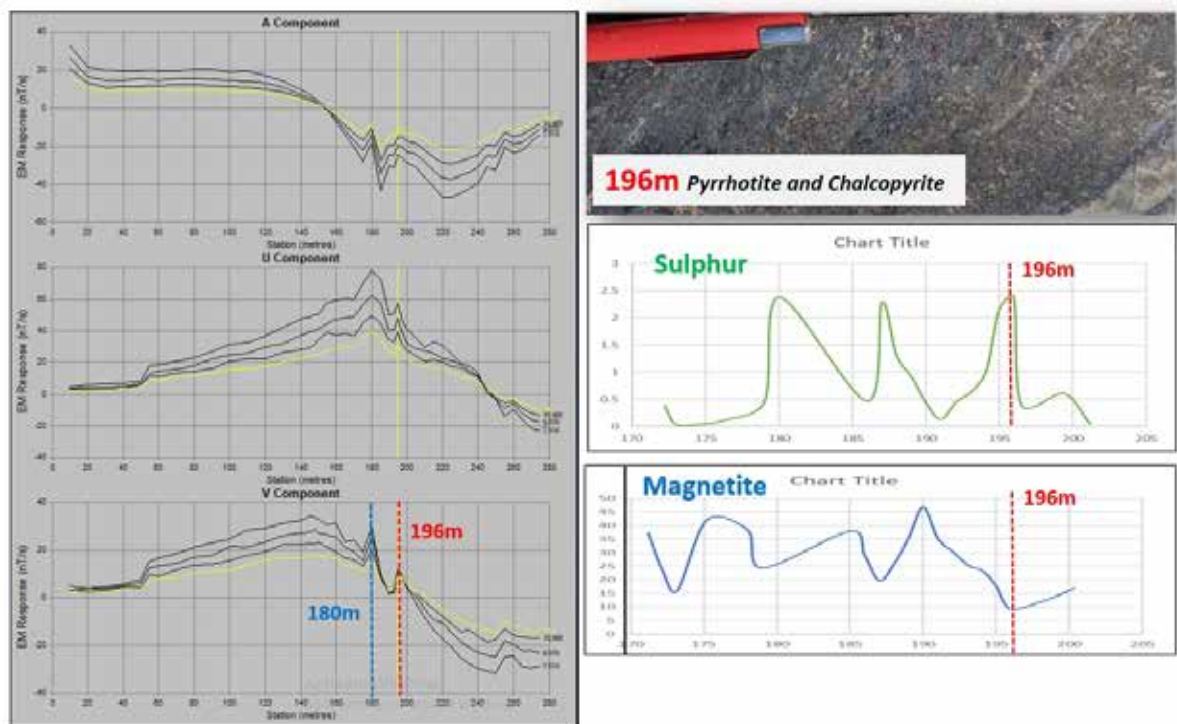


Figure 2-19: Downhole EM surveying – Innouendy nickel-copper-sulphide intrusive prospect

Source: Desert Metals Management Information

Note: Hole DDH001 - sulphur in hole [~2% green profile as annotated] exhibits an excellent correlation with in-hole conductors. Magnetite [Fe 12-47% blue profile as annotated] exhibits no correlation with in-hole conductors.

Belele prospect (E51/1907)

The Belele prospect (E51/1907) covers gravity (Figure 2-20) and magnetics features interpreted to be an extension of the Mingah Range Greenstone Belt. The prospect is completely covered by alluvium and colluvium.

The Mingah Range Greenstone Belt has previously been explored for gold and base metals and contains numerous historical gold showings, as well as a number of reported base metal gossans. Stratigraphically, it passes upwards from komatiitic volcanics into high-magnesium basalts, which have been intruded by broad differentiated gabbroic sills, to felsic-intermediate volcanics and finally sediments comprising BIF, felsic epiclastics and quartzites. The entire stratigraphy has been regionally metamorphosed to mid to upper greenschist facies. The sequence has been folded into a broad south-plunging anticline, with E51/1907 containing the covered extension of the northeastern limb (WAMEX Report A078804, 2008).

Desert Metals considers the project prospective for shear zone hosted (orogenic) gold and volcanogenic massive sulphide (VMS) base metal deposits. Based on the evidence presented by Desert Metals, SRK is of the opinion that this is a reasonable conclusion.

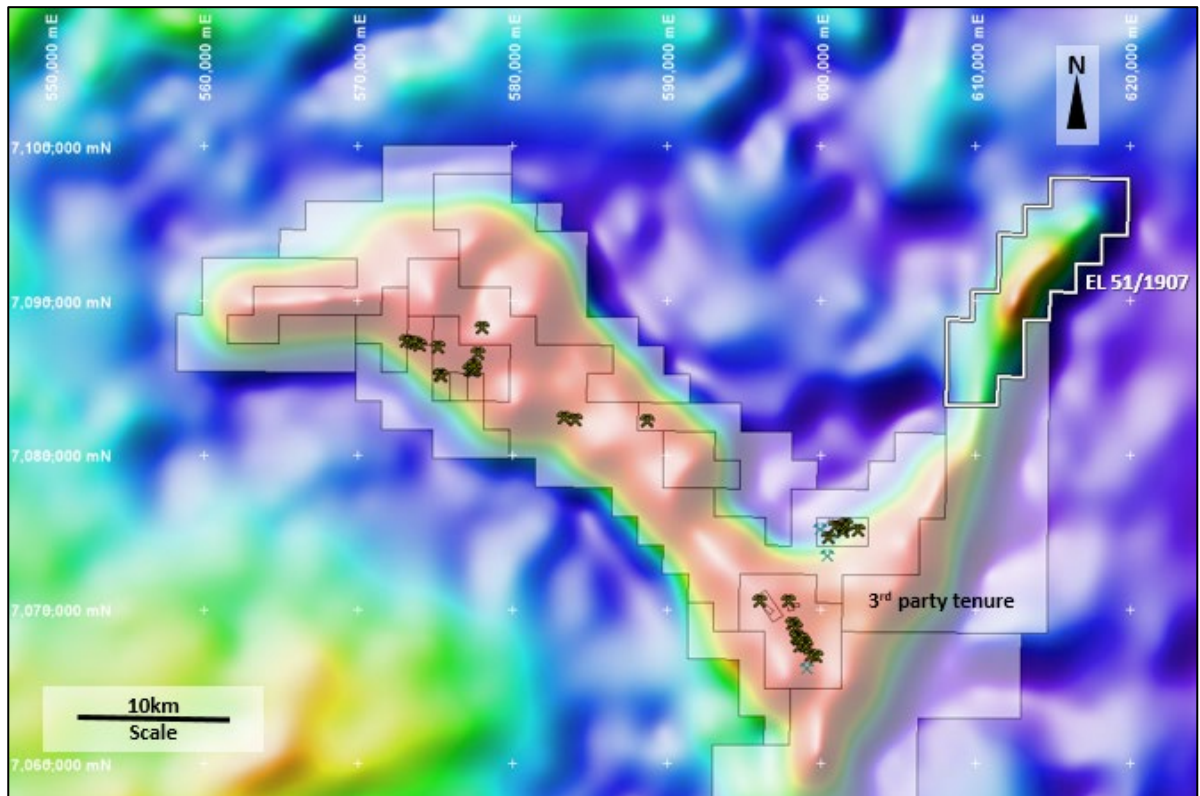


Figure 2-20: Gravity image of the Mingah Greenstone Belt, clearly highlighting a northeastern extension of the belt within Desert Metals' Belele prospect

Source: Desert Metals Management Information

Hooper prospect (E51/1907)

The Hooper prospect covers an extension of the Jack Hills Greenstone Belt, defined by gravity and magnetics. The project is largely covered by alluvium from the floodplain of the upper reaches of the Murchison River.

The Jack Hills Greenstone Belt contains the past-producing Jack Hills Iron Ore mine. Previous exploration has predominantly focused on iron ore.

The Jack Hills Greenstone Belt is situated along the southeastern margin of the Narryer Terrane and is surrounded by mostly early Archaean granitic gneisses. It consists of upper greenschist to amphibolite facies BIF, chert, quartzite, pelitic schists, and mafic and ultramafic rocks, all of which have been intruded by Neoproterozoic granitic rocks (Spaggiari et al., 2007). The east-northeast trending Cargarah Shear Zone links the Jack Hills Greenstone Belt to the Hooper project and is inferred by Desert Metals to potentially be a mantle tapping structure.

Past explorers identified outcropping BIFs and magnetic features in the area and completed gravity surveys (Figure 2-21) to detect non-magnetic detrital haematite deposits. A strong gravity anomaly was identified, and drill tested in 2008 by GE resources (WAMEX report A088555). The drilling did not encounter iron ore but rather intersected a coarse-grained mafic intrusion. Desert Metals considers this intrusion to be prospective for magmatic nickel-copper mineralisation and intends to complete an EM survey, followed by drill testing of any conductors detected.

SRK is of the opinion that this is a rational strategy based on the current level of knowledge.

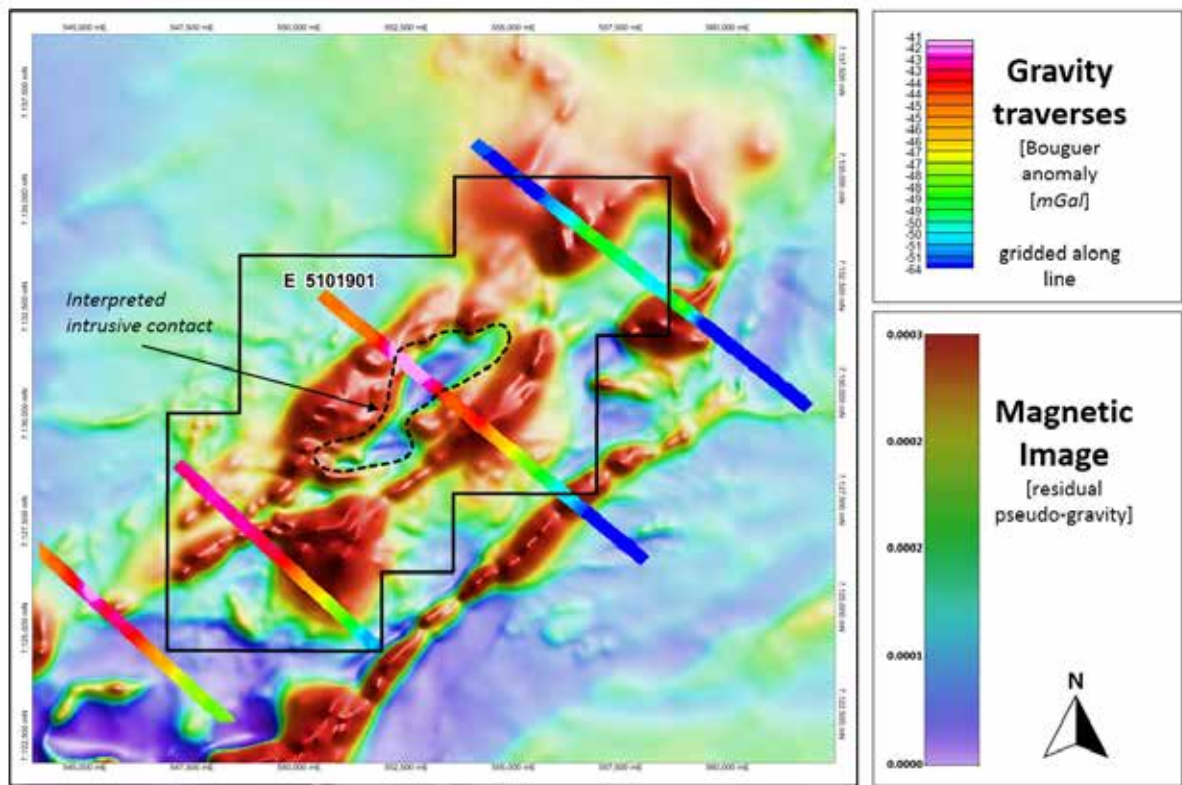


Figure 2-21: Gravity data (gridded along line) over magnetic image

Source: WAMEX report A88555

Breakaway and Dingo Pass (E52/3650, E52/3665, E52/3741)

The Dingo Pass (exploration licences 52/3650 and E52/3741) and Breakaway prospects are located in a highly metamorphosed part of the northern Narryer Terrane near the northern craton margin. The margin is structurally complex in this area and its exact location is not clear (Figure 2-23). Breakaway is interpreted to be on the margin, with Dingo Pass extending into the interior of the craton. Mapping over the area indicates that it is dominated by Archaean felsic granulite facies metamorphic rocks.

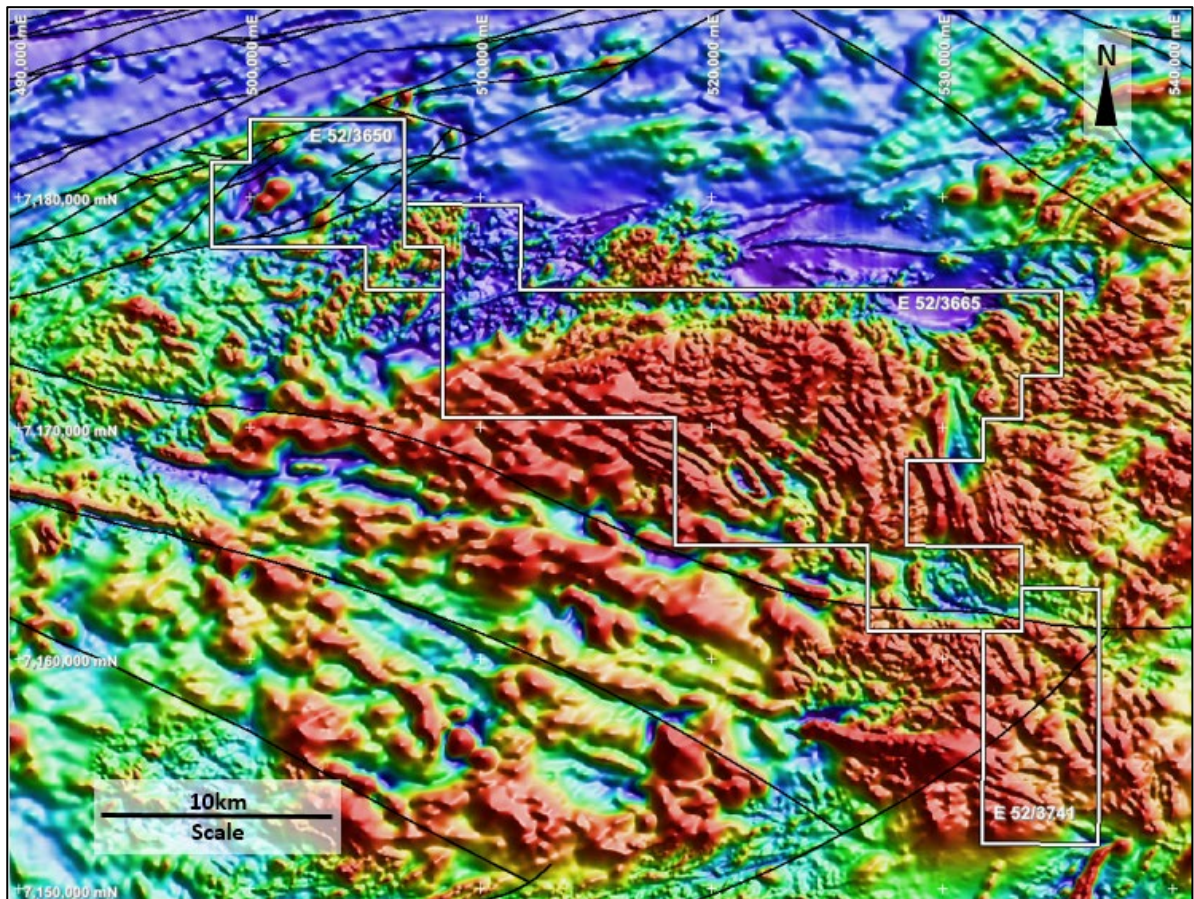


Figure 2-22: Magnetic imagery over Breakaway and Dingo Pass prospects

Source: Magnetics and faults - GSWA.

Note: The boundaries covering the clear area represent the tenements.

The Breakaway prospect was interpreted to include mafic to ultramafic intrusive rocks based on the magnetic and spectral (ASTER/Landsat) data. Follow-up fieldwork confirmed the presence of ultramafic intrusive rocks. Additional mafic-ultramafic intrusions have been located on the Dingo Pass tenement with no associated magnetic or ASTER signatures.

The Dingo Pass prospect is also considered prospective for gold based on a strong clay alteration signature in ASTER in the central part of the tenement (Figure 2-23). The strongest of the ASTER anomalies are oriented east-west and correlate with weakly magnetic units.

SRK is of the opinion that Desert Metals' interpretation based on the current level of knowledge for the Breakaway and Dingo Pass prospects is reasonable, and a strategy is in place to test these areas for mineralisation.

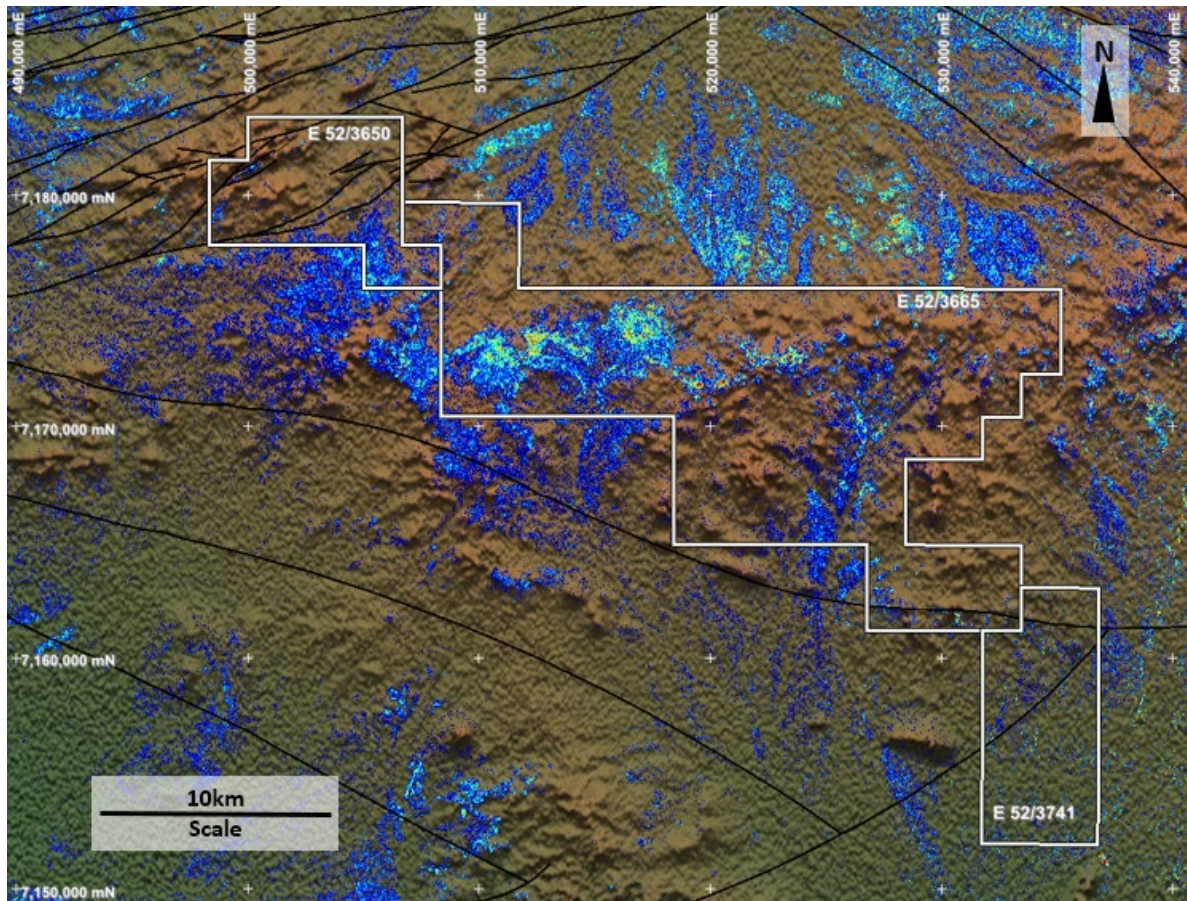


Figure 2-23: ASTER imagery showing muscovite crystallinity

Source: GSWA.

Note: The boundaries covering the clear area represent the tenements.

2.8.3 Tropicana gold deposit analogue

Desert Metals has studied the geological setting of the Tropicana gold deposit on the southeast margin of the Yilgarn Craton (jointly owned by Independence Group Ltd and AngloGold Ashanti) and is of the opinion that the geological setting is similar to its tenure along the northern edge of the craton.

The Tropicana deposit is situated between the southeastern margin of the Yilgarn Craton and the Fraser Range Mobile Belt deformation zone. It lies to the west of a major tectonic suture between the Yilgarn Craton and the Proterozoic Albany-Fraser Province. This is a similar setting to 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.

In both settings, the regional geology is dominated by granitoid rocks, felsic to mafic paragneiss and orthogneiss, and felsic to ultramafic intrusive and volcano-sedimentary rocks. Additionally, both settings contain high-grade metamorphic rocks (Gascoyne Complex). Previous exploration by Aurora Minerals also targeted a Tropicana-style gold analogue, though Aurora Minerals was exploring further to the west than Desert Metals' current tenure package.

SRK is of the opinion that this is a reasonable analogue and provides a working model for gold exploration in Desert Metals' current Opal Bore and Innouendy prospects.

Exploration potential and mineralisation targeting

While there has been no systematic exploration within the Opal Bore and Innouendy prospects, interpretation of ASTER imagery has shown evidence for potential hydrothermal alteration (pyrophyllite-kaolinite-jarosite) over a 6 km strike length parallel to the craton margin (Figure 2-24).

Follow-up field investigation has shown that the rocks are of granitic composition and are highly sheared, intensely leached, altered and weathered. There is abundant quartz veining throughout.

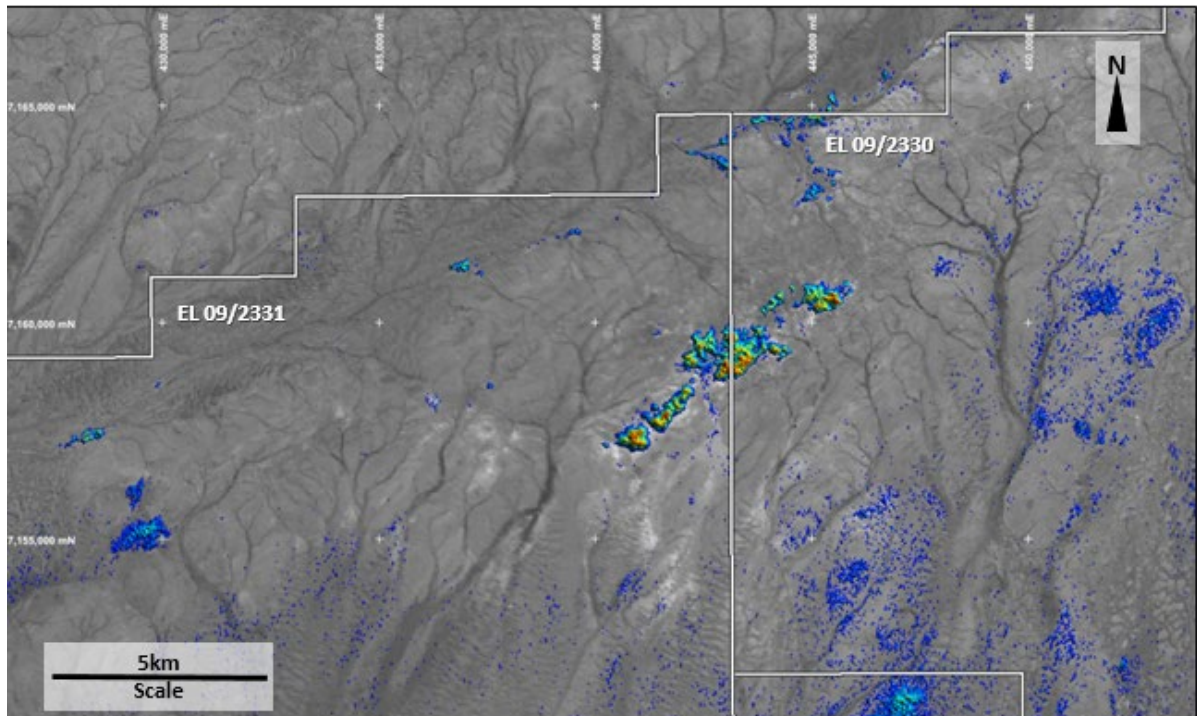


Figure 2-24: Pyrophyllite index from ASTER over Albedo image

2.9 Validation and observation completed by SRK

Given the lack of modern exploration at the Project, SRK has not conducted a site inspection, but has relied on a complete review of WAMEX reports, published data including geology maps and reports, and field observation by Desert Metals' geologists and geophysicists.

SRK's interpretation from existing data generally confirms the previously reported exploration by Desert Metals and the need for the proposed exploration budget. This is based on the geological setting, the reprocessed interpretation of gravity and magnetic data, and overall integration with previous exploration.

2.10 Proposed exploration

Desert Metals has identified several strong electromagnetic conductors within ultramafic intrusives on two projects that are approximately 20 km apart. At the Innouendy prospect, intrusive ultramafic rocks exist with several conductors of similar signature and scale to the Nova-Bollinger nickel-copper deposit in the Fraser Range. Similarly, at the Irrida Hill prospect, a series of strong, discrete, conductors within a remanently magnetised anomaly occur at a structural intersection (or possible dilation along a fault zone). Both prospects have similar geophysical signatures to the Nova-Bollinger deposit at an equivalent stage, and have similar geology and structural settings.

The Opal Bore gold prospect consists of sheared, intensely leached, altered, weathered granite with abundant quartz veining. The anomaly extends for at least 6 km along strike and could be tested in the first instance through geological mapping and surface sampling.

3 Sources and Uses of Funds

Based on the exploration results and prospectivity work undertaken to date, Desert Metals has developed a budget for ongoing technical assessment activities that relies on funds raised via the Proposed Listing as detailed in the Prospectus (Table 3-1).

Desert Metals' program going forwards will mainly focus on geophysics, followed by geochemistry and geological mapping to identify drill targets. Several prospects already have established drill targets. After the results are interpreted and modelled, with a critical reassessment of the geology and historical exploration data, the primary activity in Year 2 will be drilling, with the objective of defining reportable mineral resource estimates.

Table 3-1: Use of funds summary

Activity	Program	Year 1 (A\$)	Year 2 (A\$)
Geochemistry	Geochemistry/sampling/mapping: Opal Bore	150,000	
	Geochemistry/sampling/mapping: Breakaway & Dingo Pass	150,000	
	Geochemistry/sampling/mapping: Hooper & Belele		100,000
Geophysics	Ground electromagnetic: Irrida Hill & Irrida East		
	Ground electromagnetic Airborne targets: (A\$30/target)		
	Airborne electromagnetic: Opal Bore	410,000	
	Airborne electromagnetic: Hooper	60,000	
	Airborne electromagnetic: Belele	40,000	
	Airborne electromagnetic: Breakaway & Dingo Pass	250,000	
	Ground electromagnetic: Opal Bore	60,000	60,000
	Ground electromagnetic: Breakaway & Dingo Pass	30,000	60,000
	Ground electromagnetic: Hooper & Belele	60,000	60,000
Drilling	Innouendy	300,000	
	Irrida Hill & Irrida East	300,000	600,000
	Opal Bore	300,000	600,000
	Breakaway & Dingo Pass	300,000	600,000
	Hooper & Belele		
Corporate		500,000	500,000
Total		2,910,000	2,580,000

SRK has reviewed the planned work programs and the amounts allocated to those programs. Based on its review, SRK is of the opinion that the programs are reasonable for the purpose of advancing the study status of the Project. The funds allocated by Desert Metals should be sufficient to sustain the planned exploration activities over a 24-month budget period.

Progressive expenditure will naturally depend on the success of the proposed geophysics, drilling and technical studies. Desert Metals may require additional funds should the outcome of the drilling necessitate modifications to the work program.

In SRK's opinion, Desert Metals' understanding of the local geology, styles of mineralisation and targets generated through the extensive geophysical work and drilling are warranted.

SRK notes that mineral assets at a similar stage of study are inherently speculative in nature given the low level of technical confidence.

The facts, opinions and assessments presented in this Report are current at the Effective Date of 5 November 2020.

Compiled by



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Associate Principal Consultant

Peer reviewed by



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4 References

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Appendices

Appendix A: Table 1 - JORC Code 2012

JORC Code, 2012 Edition – Table 1

The Company has commissioned acquisition and interpretation of geophysical surveys, and has completed a review of the historical results from all relevant previous exploration as part of an initial due diligence for all of their prospects.

The Exploration Results presented here primarily pertain to the Irrida Hill (E09/2303), Innouendy (E09/2330) and Hooper (E51/1907) prospects. Past reports and digital data (where available and are meaningful and material) have also been added to the database for these prospects. Past reports and digital data (where available meaningful and material) have also been added to the database for these prospects.

The primary objective in compiling this data was to collect evidence that supported the underlying exploration rationale for the tenement acquisition. In this instance, the presence of nickel copper sulphide mineralisation, in a permissive interpreted geological setting, is considered more important than the exact value of the assay for the individual results.

It is assumed that the results have been generated from exploration programs (that followed best industry practices at the time they were collected) and analysed at commercial laboratories that serviced the mineral exploration industry. However, for much of the work in the historical reports there is only limited information to address specific Table 1 criteria.

In the professional opinion of the Competent Person, the Company has performed proper due diligence and sufficiently verified the data to provide enough confidence that sampling was performed to adequate industry standards and is fit for the purpose of planning exploration programs and generating targets for further investigation. The Competent Person has completed checks of the original reports and found the Company's compilation to be a reasonable and accurate capture of the available information.

Given the large number of individual reports, the following Table 1 sections provide overview comments and readers are encouraged to check the freely available source documents for any specific details they may require. It is considered impractical and unnecessary to attempt a detailed Table 1 disclosure for every past exploration result presented in the Report, bearing in mind that the objective is to provide a high-level summary of the key features of the projects and to comment on the use of funds being contemplated.

The discussion and illustrations provided in the Report address Clause 19 of the JORC Code, while the following Table 1 provides a high-level response that covers all of the exploration results discussed in the body of the report.

Additional detail of the activities of past explorers for the projects has been provided where available.

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole 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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information. 	<p>Desert Metals</p> <ul style="list-style-type: none"> No drilling or systematic sampling has been conducted by Desert Metals. Desert Metals commissioned a geophysical survey to be undertaken by Cap Geophysics Ltd. A 200 by 200m Moving Loop EM (MLEM) survey was undertaken over the Irrida Hill prospect during August 2020, covering 8 lines spaced 400 m apart, of lengths between 1.3 km and 3.3 km. A further 3 infill lines of 1 km at 200 m spacing were completed. All lines were acquired in an east west orientation The transmitter system for the MLEM survey is a Gap GeoPak EMTX-200 at a frequency of 0.5 Hz with a 3-component B Field Fluxgate receiver. <p>Historical results</p> <ul style="list-style-type: none"> All historical sampling and drilling results presented herein are from past exploration activities prior to Desert Metal's Limited (Desert Metals) involvement and have been obtained from open file public records. Desert Metals is undertaking a full validation of the nature and quality of the sampling undertaken. Samples are from early stage exploration work comprising surface soils and rock samples, auger soil samples and geochemical sampling. Some limited reverse circulation (RC) holes were drilled in the Hooper and Innouendy prospect areas, and one diamond hole in the Innouendy prospect area. A full evaluation on the quality and quantity of the data has been undertaken by Desert Metals and reviewed by the Competent Person (CP). The CP is of the opinion that the evaluation was performed to adequate industry standards and is fit for the purpose of planning exploration programs and generating targets for follow-up investigation. All references to mineralisation are taken from WAMEX reports and documents which have been reviewed by Desert Metals and considered by the CP to be fit for purpose.
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.). 	<ul style="list-style-type: none"> Desert Metals has not conducted any drilling. Some historical drilling has been completed within some of the prospects including RC and diamond drilling. At this time, hole diameters and detailed information regarding drilling has not been

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> 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. 	<p>compiled and is not considered material to supporting the assessment of the prospectivity of the prospects.</p> <ul style="list-style-type: none"> Desert Metals has not conducted any drilling and hence no samples were collected. Desert Metals has undertaken validation of the historical data to determine whether this information has been collected in full. There are no satisfactory records of sample recovery for any of the previous drilling. The CP is satisfied that the data are fit for purpose of planning exploration programs and generating targets for investigation.
Logging	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> An MLEM survey was conducted but no logging was undertaken. All previous holes have been geologically logged to various degrees of detail. Desert Metals is undertaking verification of the quality and level of detail of the geological logging data. Desert Metals has done sufficient verification of the data, in the CP's opinion to provide sufficient confidence that the logging was performed to adequate industry standards of that time, and is fit for the purpose of planning exploration programs and generating targets for investigation. There were no records discovered indicating total length and percentage of relevant intersections logged.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> It is unknown how the one diamond hole was sampled but it is not deemed material for the purposes of generating targets. Aurora Minerals collected rock chip and soils samples and had them analysed as 2 m or 4 m composites for an iron ore suite, and for gold and base metals. A number of RC samples were also bulk sampled for iron mineralisation. No quality control procedures are documented. However, it is likely that the sampling methods were most likely appropriate for the material being sampled for the purposes of the sampling.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Desert Metals has not collected assays for these surveys. Gap Geophysics has significant experience in acquiring these types of geophysical data, and interpretation was done by Fathom Geophysics, which also has significant experience with this type of data.

Criteria	JORC Code explanation	Commentary
	<p>make and model, reading times, calibrations factors applied and their derivation, etc.</p> <ul style="list-style-type: none"> Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Aurora conducted a number of geophysical surveys including VTEM, MLEM, FLEM as well as DHEM (downhole EM). More details are contained in the Report. There is very little detail on the historical program's quality control procedures. However, Desert Metals has undertaken sufficient verification of the limited historical assay data, in the CP's opinion to provide sufficient confidence that the assaying was appropriate for the mineralisation present and is fit for the purpose of planning exploration programs and generating targets for investigation.
Verification of sampling and assaying	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not applicable for geophysical acquisition. Gap Geophysics has significant experience in MLEM surveys. Raw data from the geophysical survey is stored on backup drives by Desert Metals and by Fathom Geophysics No validation or check assaying of the historical data has been carried out by Desert Metals. Desert Metals has done sufficient verification of the data, in the CP's opinion to provide sufficient confidence that sampling was performed to adequate industry standards for the time in which it was undertaken and is fit for the purpose of planning exploration programs and generating targets for investigation. No adjustments have been made to any of the assay data.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> The geophysical surveys were located using standard GPS equipment. The data are reported in the grid system GDA94(MGA) Zone 50. No topographic survey data were collected or required for this type of data. For illustration, the CP has used an SRTM topographic surface for distinguishing relief.
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Irida Hill geophysical survey line spacing was 400 m with infill lines to 200 m around anomalies. The geophysical survey line spacing was designed to obtain optimum and representative coverage of the survey area. Not applicable as no historical Mineral Resource or Ore Reserves have been determined.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The surveys were undertaken primarily in an east-west direction, in order to be orthogonal to the main strike of the geology inferred from the regional magnetic data and limited outcrops in the area. Desert Metals recognises the importance of understanding the structural controls on mineralisation, and in particular the orientation of the EM

Criteria	JORC Code explanation	Commentary
		<p>conductors for testing and will prioritise the collection of appropriately oriented drill holes.</p> <ul style="list-style-type: none"> • Unable to be addressed due to insufficient data at this stage.
Sample security	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • Data were recorded, processed and provided by Gap Geophysics ensuring the data were not manipulated or altered. • Due to the historical nature of the exploration data, this has not and may not be determinable. However, there are no indications that there have been any issues with sample security.
Audits or reviews	<ul style="list-style-type: none"> • The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> • The surveys undertaken in 2020 were independently reviewed and verified by Fathom Geophysics. • Desert Metals has not performed any audits at this time. The authors of the Report have completed spot checks on the WAMEX data compiled by Desert Metals and did not identify any issues in these checks.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The details and status of Desert Metals' exploration licences are provided in the relevant sections of the Report. Issues relating to royalties, native title, historical sites are covered in the Independent Solicitor's Report found elsewhere in the Prospectus. Desert Metals has a 100% interest in all granted exploration licences as of the Effective Date of this Report. All granted licenses are in good standing and no known impediments exist on the tenements being actively explored. There are no known historical or environmentally sensitive areas within the tenement package. (Full details are within the Independent Solicitors' Report.)
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Different levels and types of exploration have been completed by a variety of companies, as noted in the text of the Report and described more fully in the open file WAMEX reports referenced throughout the text. The tenement has 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 GE Resources.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The geology is Archaean age on the northern edge of the Yilgarn Craton. The rocks are strongly deformed greenstone and syn-tectonic granitoids. More-detailed descriptions of geology for each of the prospects are provided in Section 2.8.2. The style of mineralisation targeted is primarily nickel-copper-sulphide mineralisation hosted within quartz veins and shears.
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 downhole length and interception depth 	<ul style="list-style-type: none"> Desert Metals has not conducted any drilling. However, historical results are shown below.

Criteria	JORC Code explanation	Commentary																																																																																							
<ul style="list-style-type: none"> • 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. 		<p>Independence Group NL JV with GE Resources – RC drilled October 2008</p> <table border="1"> <thead> <tr> <th>MGA_E</th> <th>MGA_N</th> <th>Depth</th> </tr> </thead> <tbody> <tr><td>553307</td><td>7130167</td><td>148</td></tr> <tr><td>553168</td><td>7130244</td><td>124</td></tr> <tr><td>552183</td><td>7130223</td><td>100</td></tr> <tr><td>552284</td><td>7130161</td><td>142</td></tr> <tr><td>552382</td><td>7130046</td><td>124</td></tr> <tr><td>552611</td><td>7129930</td><td>112</td></tr> <tr><td>553039</td><td>7131288</td><td>32</td></tr> <tr><td>552291</td><td>7130934</td><td>34</td></tr> <tr><td>552455</td><td>7130842</td><td>40</td></tr> <tr><td>552521</td><td>7130737</td><td>70</td></tr> <tr><td>552685</td><td>7130601</td><td>46</td></tr> <tr><td>552824</td><td>7131093</td><td>46</td></tr> <tr><td>553051</td><td>7130888</td><td>52</td></tr> <tr><td>553253</td><td>7130715</td><td>64</td></tr> <tr><td>552388</td><td>7130663</td><td>70</td></tr> <tr><td>552571</td><td>7130528</td><td>70</td></tr> <tr><td>553186</td><td>7131176</td><td>58</td></tr> <tr><td>553373</td><td>7131036</td><td>70</td></tr> <tr><td>553583</td><td>7130862</td><td>76</td></tr> <tr><td>552850</td><td>7131278</td><td>52</td></tr> <tr><td>553044</td><td>7131121</td><td>52</td></tr> <tr><td>553255</td><td>7130932</td><td>70</td></tr> <tr><td>553466</td><td>7130752</td><td>70</td></tr> <tr><td>552684</td><td>7130800</td><td>46</td></tr> <tr><td>555498</td><td>7131924</td><td>64</td></tr> <tr><td>555338</td><td>7131911</td><td>64</td></tr> <tr><td>555255</td><td>7131909</td><td>70</td></tr> <tr><td>559145</td><td>7132999</td><td>40</td></tr> </tbody> </table> <p>Source: WAMEX Report 88555 Holes are assumed vertical for Hooper prospect.</p>	MGA_E	MGA_N	Depth	553307	7130167	148	553168	7130244	124	552183	7130223	100	552284	7130161	142	552382	7130046	124	552611	7129930	112	553039	7131288	32	552291	7130934	34	552455	7130842	40	552521	7130737	70	552685	7130601	46	552824	7131093	46	553051	7130888	52	553253	7130715	64	552388	7130663	70	552571	7130528	70	553186	7131176	58	553373	7131036	70	553583	7130862	76	552850	7131278	52	553044	7131121	52	553255	7130932	70	553466	7130752	70	552684	7130800	46	555498	7131924	64	555338	7131911	64	555255	7131909	70	559145	7132999	40
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		<p data-bbox="236 600 260 969">Aurora Resources – drilled 2012</p> <table border="1" data-bbox="268 472 555 931"> <thead> <tr> <th>MGA_E</th> <th>MGA_N</th> <th>Depth</th> </tr> </thead> <tbody> <tr> <td>461550</td> <td>7159800</td> <td>215</td> </tr> <tr> <td>461480</td> <td>7159800</td> <td>149</td> </tr> <tr> <td>459460</td> <td>7158960</td> <td>191</td> </tr> <tr> <td>461450</td> <td>7159800</td> <td>147</td> </tr> <tr> <td>461445</td> <td>7159900</td> <td>234</td> </tr> <tr> <td>461445</td> <td>7159803</td> <td>275.5</td> </tr> </tbody> </table> <p data-bbox="560 584 584 931">Source: WAMEX Report 117485</p> <p data-bbox="592 188 616 931">Hole in bold represents diamond and all others are reverse circulation.</p> <p data-bbox="624 591 647 931">Strike and dip assumed vertical.</p>	MGA_E	MGA_N	Depth	461550	7159800	215	461480	7159800	149	459460	7158960	191	461450	7159800	147	461445	7159900	234	461445	7159803	275.5
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Data aggregation methods	<ul data-bbox="699 1025 954 1809" style="list-style-type: none"> • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. 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. 	<ul data-bbox="699 170 874 969" style="list-style-type: none"> • No data aggregation from geophysical survey. • All historical assays are based on previous databases, and upon review have been treated at face value. No validation or check assaying has been carried out by Desert Metals. • Not applicable for historical data, as no metal equivalent values have been reported. 																					
Relationship between mineralisation widths and intercept lengths	<ul data-bbox="978 1010 1177 1809" style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. • If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul data-bbox="978 170 1169 969" style="list-style-type: none"> • Previous drilling has been undertaken on various drill orientations, and thus does not represent true width intersections. Future work by Desert Metals will involve validation and reinterpretation of previous results and the drilling of additional holes to determine the orientation of mineralisation and thus true widths. • Not applicable, as no significant mineralisation was intercepted in historical holes. 																					
Diagrams	<ul data-bbox="1198 1070 1302 1809" style="list-style-type: none"> • 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 drillhole collar locations and appropriate sectional views. 	<ul data-bbox="1198 568 1222 969" style="list-style-type: none"> • Details are provided in the Report. 																					
Balanced reporting	<ul data-bbox="1326 1010 1430 1809" style="list-style-type: none"> • 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. 	<ul data-bbox="1326 232 1374 969" style="list-style-type: none"> • No balanced reporting in relation to grades are applicable in the geophysical survey. All results considered significant are reported. 																					

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All meaningful and material information is reported. Gap Geophysics has significant experience in conducting MLEM surveys. Fathom Geophysics has considerable experience interpreting this type of geophysical data over Archaean greenstone (and younger) deformed terranes.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. 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. 	<ul style="list-style-type: none"> Desert Metals will undertake extensive validation and field confirmation of EM conductors will be completed once heritage and environmental approvals are in place. Further details are provided in the Report.

SRK Report Client Distribution Record

Project Number: DES001

Report Title: Independent Geologist's Report on the Mineral Assets of Desert Metals Pty Ltd

Date Issued: 9 November 2020

Name/Title	Company
Robert Stuart, CEO	Desert Metals Pty Ltd

Rev No.	Date	Revised By	Revision Details
0	01/11/2020	Michael Cunningham	Draft Report
1	09/11/2020	Michael Cunningham	Final Report

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ANNEXURE B – SOLICITOR’S REPORT ON TENEMENTS



6 November 2020

The Directors
Desert Metals Limited
PO Box 1253
Dunsborough WA 6281

Dear Directors

Desert Metals Limited (ACN 617 947 172) Legal Report on Mining Tenements

This report has been prepared for inclusion in the prospectus (**Prospectus**) to be issued by Desert Metals Limited ACN 617 947 172 (**Company**) on or about 6 November 2020 for the offer of 25,000,000 fully paid ordinary shares in the Company (**Shares**) at an issue price of \$0.20 to raise \$5,000,000 (**Offer**).

1 INTRODUCTION AND SCOPE

- (a) We have been instructed by the Company to prepare this report in respect of the mining tenure in which the Company has an interest at the time of the Offer (**Tenements**) (**Report**).
- (b) The purpose of this Report is to:
 - (i) determine the good standing, or otherwise, of the Tenements; and
 - (ii) identify any material issues existing in respect of the Tenements, at the time of the Offer.
- (c) Details of the Tenements are listed in a schedule of tenements to this Report (**Schedule 1**). Schedule 1 forms part of this Report which must be read in conjunction with this Report.
- (d) Details of non-standard conditions relating to the Tenements are listed in a schedule to this Report (**Schedule 2**). Schedule 2 forms part of this Report which must be read in conjunction with this Report.

2 SEARCHES

We have conducted the following searches of information available on public registers in respect of the Tenements:

- (a) searches of the Tenements in the registers maintained by the Department of Mines, Industry Regulation and Safety (**DMIRS**) on 1 October 2020 and 6 November 2020 in respect of all Tenements (the **Tenement Searches**);



- (b) quick appraisal searches of DMIRS' electronic register on 2 October 2020 and 6 November 2020 (in respect of the Tenements) (**Quick Appraisals**);
- (c) Aboriginal heritage site searches on the Register of Aboriginal Sites maintained by the Department of Planning, Lands and Heritage (**DPLH**) on 5 October 2020 (**Heritage Searches**); and
- (d) searches of the Register of Native Title Claims and Register of Native Title Determinations maintained by the National Native Title Tribunal (**NNTT**) on 5 October 2020 and 6 November 2020 in respect of the Wajarri Yamatji #1 native title claim (WC2004/010) and the Wajarri Yamatji #1 native title determination (WCD2017/007), (together, **Searches**).

This Report is subject to the assumptions and qualifications set out in section 9 of this Report.

3 EXECUTIVE SUMMARY

- (a) We confirm that E09/2303, E09/2330, E09/2331, E09/2351, E51/1901, E51/1907, E52/3650, E52/3665 and E52/3741 held by the Company (together, the **Tenements**) have all been validly granted under the *Mining Act 1978* (WA) (**Mining Act**).
- (b) Upon the basis of the Searches, we confirm that no caveats have been lodged in relation to the Tenements.
- (c) Upon the basis of the Searches, we confirm the Tenements are not subject to any registered mortgages or charges.
- (d) Upon the basis of the Searches, we confirm that the Tenements are currently in good standing and not subject to forfeiture.
- (e) A number of the Tenements are subject to concurrent interests with Crown land, pastoral and historical leases. Details of these concurrent interests are set out in section 5 of this Report.
- (f) Registered Aboriginal heritage sites overlap the following Tenements:
 - (i) E09/2330 – Registered Aboriginal Sites 10035, 10036 and 10037; and
 - (ii) E52/3650 – Registered Aboriginal Sites 11469 and 11470.

Further details of these sites are set out in section 7.2(d) and Schedule 1. The presence of these sites may restrict activities on the relevant tenements and proposed activities may trigger requirements for Ministerial consent to disturb or remove heritage sites or material. See section 7 below for further details of these requirements.

4 TENEMENTS

4.1 Exploration licences

- (a) Interests in exploration licences

As at the date of this Report the Company holds the following exploration licences granted pursuant to the Mining Act:

- (i) E09/2303, E09/2330, E09/2331, E09/2351, E51/1901, E51/1907, E52/3650, E52/3665 and E52/3741.



As stated above, none of the exploration licences are subject to caveats.

The following is a summary of the nature and key terms of exploration licences as set out in the Mining Act.

(b) Overview

An exploration licence granted under the Mining Act empowers the holder to:

- (i) enter onto the land the subject of the exploration licence;
- (ii) explore that land;
- (iii) remove mineral bearing substances from the land to a prescribed limit; and
- (iv) take and divert water from that land.

(c) Term

An exploration licence remains in force for an initial term of five years from the date of grant. The relevant Minister may, upon the basis that certain prescribed criteria for extension exist, extend the term of the relevant licence by one period of five years and by a further period or periods of two years.

The prescribed grounds for extension include:

- (i) difficulties or delays resulting from legal, governmental or other administrative processes, Aboriginal land surveys or obtaining consents or approvals to access land;
- (ii) the land being in an unworkable state for the whole or considerable part of the term; and
- (iii) that the work carried out on the land justifies additional exploration.

(d) Extension of term

We note that each of the exploration licences are due to expire in 2024.

It is in the power of the relevant Minister to extend the term of an exploration licence by five years, then by successive terms of two years provided that prescribed grounds for extension exist. Prescribed grounds comprise the following:

- (i) an exploration program could not be undertaken or completed or was otherwise restricted upon the basis of difficulties or delays:
 - (A) of a legal nature;
 - (B) flowing from administrative, political, environmental or other requirements of government or associated authorities;
 - (C) arising from the conduct of an Aboriginal heritage survey;
 - (D) obtaining the necessary consents or approvals for exploration activities;
 - (E) in gaining access to land as a result of adverse weather conditions; or
- (ii) the Minister considers that the land has been unworkable for all or part of the term;
- (iii) work already undertaken on the licence justifies further exploration; or



- (iv) if the relevant exploration licence has retention status, the grounds for continuation of the status subsist.
- (e) Obligations
The holder of an exploration licence must:
 - (i) pay annual rent;
 - (ii) unless exemptions are obtained, expend a minimum amount in connection with exploration on the exploration licence in excess of the prescribed annual expenditure commitment; and
 - (iii) surrender 40% of the number of blocks granted within six years after the date of grant.

If these obligations are not met, the exploration licence may be forfeited or a penalty may be imposed.

Exploration licences are also subject to various other conditions imposed at grant or at any time after grant. Those conditions include the standard conditions for the protection of the environment and certain third party interests in land.

Schedule 1 details the rent and minimum expenditure commitments for each of the Tenements.

- (f) Transfer
Once an exploration licence has been granted, it cannot be transferred during the first year of its term without the tenement holder obtaining the consent of the relevant Minister.
- (g) Conversion
The holder of an exploration licence has, subject to the Mining Act, the right to apply for and to have granted a mining or general purpose lease over the land the subject of the exploration licence.

4.2 Mining Rehabilitation Fund

Under the *Mining Rehabilitation Fund Act 2012 (WA) (MRF Act)*, all tenement holders operating on tenure granted under the Mining Act (other than tenements covered by State Agreements not listed in the Regulations) are required to report disturbance data and contribute annually to the Mining Rehabilitation Fund established under the MRF Act.

The rehabilitation levy estimates for the Tenements are detailed in Schedule 1.

5 CONCURRENT INTERESTS

5.1 Co-existence

Mining tenements under the Mining Act are exclusive only for the purposes for which they are granted, and are capable of co-existing with:

- (a) in the case of miscellaneous licences, with other mining tenements; and
- (b) pastoral leases, Crown reserves, Crown land, public infrastructure and rights granted under other State and Federal legislation.



5.2 Miscellaneous licences

- (a) The land the subject of the Tenements overlaps pending miscellaneous licences applied for under the Mining Act as set out in the table below:

Encroaching Tenement	Granted/applied for on	Encroached Area (%)	Tenement
L51/105 (for the purpose of a search for groundwater)	Applied for on 14/01/2020 at 11:54:56	1121.2341HA (14.6%)	E51/1907
L51/109 (for the purpose of a search for groundwater)	Applied for on 23/09/2020 at 12:14:05	2019.222HA (26.29%)	E51/1907

- (b) Under the Mining Act, a mining tenement can coexist with a miscellaneous licence.
- (c) DMIRS imposes standard conditions on overlapping mining tenements and miscellaneous licences. The miscellaneous licences are pending. If the miscellaneous licences are granted, it is likely that they will be granted with standard conditions to protect the activities conducted on, and installations constructed upon, the area of coexistence with E51/1907.

5.3 Private land

- (a) The land the subject of the Tenements overlaps private land as set out in the table below.

Private Land	Encroached Area (%)	Tenement
Freehold Land Act – Regional Western Australia (Landgate)	40.4612HA (0.11%) (1 Land parcel affected)	E09/2351

- (b) Under section 29 of the Mining Act, the written consent of the owner and occupier of private land must be obtained before a mining tenement in respect of the natural surfaces and to within a depth of 30 metres is granted over the following categories of private land:
- (i) in bona fide and regular use as a yard, stockyard, garden, orchard, vineyard, plant nursery or plantation;
 - (ii) under cultivation (as defined in broad terms under the Mining Act);
 - (iii) the site of a cemetery, burial ground or reservoir;
 - (iv) land on which there is erected a substantial improvement (as determined by the Warden);
 - (v) within 100 metres of any private land referred to above; or
 - (vi) a separate parcel of land having an area of 2,000 square metres or less.



- (c) We have not conducted the necessary searches and investigations to confirm whether the freehold parcel of land affecting E09/2351 falls within these categories of private land.
- (d) To the extent that the consent of each private land owner and occupier is required and has not been obtained, E09/2351 may only be granted in respect of land below a depth of 30 metres underneath the private land.
- (e) It is not necessary to obtain the consent of the owner and occupier if the mining tenement is granted only in respect of that part of the private land which is not less than 30 metres below the lowest part of the natural surface. This is commonly referred to as the grant of "subsurface rights". After the grant of a sub-surface rights tenement, if the holder of the tenement subsequently obtains the consent of the private land owner and occupiers, the tenement holder may apply to the Minister for the mining tenement to be amended to include the surface areas.

5.4 Crown land

- (a) The land the subject of the Tenements overlaps Crown land as set out in the table below.

Crown Land	Encroached Area (%)	Tenement
Land Reserve: "C" Class Reserve Watering & Stopping Place for Travellers (ID R 480) (Department of Planning, Lands and Heritage (SLSD))	416.619HA (1.12%)	E09/2330
	16.2461HA (0.04%)	E09/2351
Land Reserve: "C" Class Reserve Watering & Stopping Place for Travellers & Stock (ID R 479) (Department of Planning, Lands and Heritage (SLSD))	404.3505HA (1.09%)	E09/2351
"C" Class Reserve Stock Route (ID R 18339) (Department of Planning, Lands and Heritage)	1133.7914HA (13.63%)	E51/1901

- (b) The Mining Act:
 - (i) prohibits the carrying out of prospecting, exploration or mining activities on Crown land that is less than 30 metres below the lowest part of the natural surface of the land and:
 - (A) for the time being under crop (or within 100 metres of that crop);
 - (B) used as or situated within 100 metres of a yard, stockyard, garden, cultivated field, orchard vineyard, plantation, airstrip or airfield;
 - (C) situated within 100 metres of any land that is an actual occupation and on which a house or other substantial building is erected;
 - (D) the site of or situated within 100 metres of any cemetery or burial ground;



- (E) if the Crown land is a pastoral lease, the site of or situated within 400 metres of any water works, race, dam, well or bore not being an excavation previously made and used for purposes by a person other than the pastoral lessee,

without the written consent of the occupier, unless the Warden by order otherwise directs;

- (ii) imposes restrictions on a tenement holder passing over Crown land referred to in section 5.4(b)(i), including:
 - (A) taking all necessary steps to notify the occupier of any intention to pass over the Crown land;
 - (B) the sole purpose for passing over the Crown land must be to gain access to other land not covered by section 5.4(b)(i) to carry out prospecting, exploration or mining activities;
 - (C) taking all necessary steps to prevent fire, damage to trees, damage to property or damage to livestock by the presence of dogs, the discharge of firearms, the use of vehicles or otherwise; and
 - (D) causing as little inconvenience as possible to the occupier by keeping the number of occasions of passing over the Crown land to a minimum and complying with any reasonable request by the occupier as to the manner of passage; and
- (iii) requires a tenement holder to compensate the occupier of Crown land:
 - (A) by making good any damage to any improvements or livestock caused by passing over Crown land referred to in section 5.4(b)(i) or otherwise compensate the occupier for any such damage not made good; and
 - (B) in respect of land under cultivation, for any substantial loss of earnings suffered by the occupier caused by passing over Crown land referred to in section 5.4(b)(i).
- (c) The Warden may not give the order referred to in section 5.4(b)(i) that dispenses with the requirement for the occupier's consent in respect of Crown land. In respect of other areas of Crown land covered by the prohibition in section 5.4(b)(i), the Warden may not make such an order unless he is satisfied that the land is genuinely required for mining purposes and that compensation in accordance with the Mining Act for all loss or damage suffered or likely to be suffered by the occupier has been agreed between the occupier and the tenement holder or assessed by the Warden under the Mining Act.
- (d) The Company may need to enter into access and compensation agreements with the occupiers of the Crown land upon commencement of mining activities. We are not aware of any such agreements between the Company and such occupiers.

5.5 Pastoral and historical

- (a) Certain Tenements overlap with pastoral, historical and general leases, as set out in the table below:



Pastoral Lease	Encroached Area (%)	Tenement
Pastoral Lease – Innouendy (ID PL N049831)	2631.2516HA (77.59%)	E09/2303
	34541.3514HA (93.24%)	E09/2330
	330343.6031HA (87.06%)	E09/2331
	27747.2785HA (74.96%)	E09/2351
Pastoral Lease – Milly Milly (ID PL N050465)	759.7769HA (22.41%)	E09/2303
	8798.3254HA (23.77%)	E09/2351
Pastoral Lease – Dalgety Downs (ID PL N049561)	69.9732HA (0.19%)	E09/2330
Pastoral Lease – Glenburgh (ID PL N050258)	2018.9327HA (5.45%)	E09/2330
	4896.8071HA (12.9%)	E09/2331
Pastoral Lease - Moorarie (ID PL N049722)	6974.9464HA (83.87%)	E51/1901
Pastoral Lease - Mt Gould (ID PL N050153)	170.6388HA (2.05%)	E51/1901
	10527.6118HA (42.6%)	E52/3665
	5246.676 (100%)	E52/3741
Pastoral Lease – Belele – Aboriginal Corporation (ID PL N049563)	7679.9429HA (100%)	E51/1907
Pastoral Lease – Errabiddy (ID PL N050202)	4946.2155HA (100%)	E52/3650
	14176.5507HA (57.36%)	E52/3665
Historical Pastoral Lease (ID 394 521)	2631.3056 HA (77.6%)	E09/2303
	36529.1088HA (98.6%)	E09/2330
	34420.2035HA (90.69%)	E09/2331
	27781.8137HA (75.05%)	E09/2351
Historical Pastoral Lease (ID 394 514)	6.0307HA (0.12%)	E52/3650

(b) The Mining Act:

- (i) prohibits the carrying out of mining activities on or near certain improvements and other features (such as livestock and crops) on Crown land (which includes pastoral, historical and general leases) without the consent of the lessee;



- (ii) imposes certain restrictions on a mining tenement holder passing through Crown land, including requiring that all necessary steps are taken to notify the occupier of any intention to pass over the Crown land and that all necessary steps are taken to prevent damage to improvements and livestock; and
 - (iii) provides that the holder of a mining tenement must pay compensation to an occupier of Crown land (i.e. the lessee) in certain circumstances, in particular to make good any damage to improvements, and for any loss suffered by the occupier from that damage or for any substantial loss of earnings suffered by the occupier as a result of, or arising from, any exploration or mining activities, including the passing and re-passing over any land.
- (c) We have been advised by the Company, and the Company has confirmed that to the best of its knowledge, it is not aware of any improvements and other features on the land the subject of the pastoral and historical leases which overlaps the Tenements which would require the Company to obtain the consent of the occupier or lease holder or prevent the Company from undertaking its proposed mining activities on the Tenements.
- (d) Upon commencing mining operations on any of the Tenements, the Company may need to consider entering into a compensation and access agreement with the lease holders to ensure the requirements of the Mining Act are satisfied and to avoid any disputes arising. In the absence of an agreement, the Warden's Court determines compensation payable.
- (e) DMIRS imposes standard conditions on mining tenements that overlay pastoral leases. Other than as detailed in Schedule 2, the Tenements incorporate the standard conditions.

6 COMPLIANCE

- (a) The Company's interests in or rights in relation to the Tenements are subject to the holder continuing to comply with the respective terms and conditions of the Tenements under the provisions of the relevant legislation, together with the conditions specifically applicable to any granted mining tenement.
- (b) The Searches that we have carried out in relation to the Tenements do not reveal any outstanding failures to comply with the conditions in respect of each of the Tenements.

7 ABORIGINAL HERITAGE

7.1 Commonwealth legislation

- (a) The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (**Federal Heritage Act**) applies to the Tenements. The Federal Heritage Act seeks to preserve and protect significant Aboriginal areas and objects from desecration.
- (b) The Commonwealth Minister for Indigenous Australians may make a declaration to preserve an Aboriginal area or site of significance. Such declarations may be permanent or interim and have the potential to interfere with mining or exploration activities. Failure to comply with a declaration is an offence under the Federal Heritage Act.



7.2 Western Australian legislation

- (a) The *Aboriginal Heritage Act 1972* (WA) (**WA Heritage Act**) applies to the Tenements as they are located in Western Australia. The WA Heritage Act makes it an offence, among other things, to alter or damage an Aboriginal site or object on or under an Aboriginal site.
- (b) An Aboriginal site is defined under the WA Heritage Act to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent.
- (c) An Aboriginal site may be registered under the WA Heritage Act, but the WA Heritage Act preserves all Aboriginal sites whether or not they are registered. Tenement holders customarily consult with Aboriginal traditional owners of the tenement land and undertake Aboriginal heritage surveys to ascertain whether any Aboriginal sites exist and to avoid inadvertent disruption of these sites.
- (d) The WA Heritage Searches indicate the following Registered Aboriginal Sites:

Registered Aboriginal Site	Type	Restricted	Gender Restrictions	Tenement
ERONG 08 (ID 10035)	Engraving	No	No	E09/2330
ERONG 09 (ID 10036)	Engraving	No	No	E09/2330
ERONG 10 (ID 10037)	Engraving	No	No	E09/2330
Gianna Rockhold (ID 11469)	Engraving, Water Source	No	No	E52/3650
Cliffs (ID 11470)	Artefacts/Scatter, Engraving, Other: Rockhole	No	No	E52/3650

- (e) The WA Heritage Searches indicate that none of the Tenements overlap the area of any Other Heritage Places.
- (f) We note, however, that there may be unregistered or otherwise undiscovered Aboriginal heritage sites on the Tenements.
- (g) On the basis that Aboriginal heritage sites exist on the Tenements, in order to engage in any activity that may interfere with an Aboriginal site, the tenement holder must obtain the consent of the Minister for Aboriginal Affairs (WA) (**DAA Minister**) pursuant to section 18 of the WA Heritage Act. This requires submissions from the tenement holder to the Department of Planning, Lands and Heritage on the proposed activities, the possible impact on the Aboriginal sites, any negotiations conducted with Aboriginal traditional owners of the lands and any measures that will be taken to minimise the interference.



- (h) The tenement holder must ensure that any interference with any Aboriginal sites that affect the Tenements strictly conforms to the provisions of the WA Heritage Act, including any conditions set down by the DAA Minister, as it is otherwise an offence to interfere with such sites.

8 NATIVE TITLE

8.1 Overlapping claims and determinations

- (a) The Searches indicate that all of the Tenements except for E51/1907 is wholly overlapped by the Wajarri Yamatji #1 (WCD2017/007) determination area.
- (b) E51/1907 is wholly overlapped by the Wajarri Yamatji #1 (WC2004/010) claim area.
- (c) We have not undertaken any historical, anthropological and ethnographic work that would be required to determine the likelihood of native title being held to exist in the WC2004/010 claim area, or the possibility of any changes to the WCD2017/007 determination or of further claims being made in the future.

On the basis that a determination and a claim have been made, and that there may be further changes to the native title landscape in the future, we provide the following overview of native title.

8.2 Native Title Overview

- (a) On 3 June 1992, the High Court of Australia (**High Court**) held in *Mabo v Queensland (No. 2)* (1992) 175 CLR 1 (**Mabo Case**) that the common law of Australia recognises a form of native title.
- (b) The High Court held in the Mabo Case that native title rights to land will be recognised where:
 - (i) the persons making the claim can establish that they have a connection with the relevant land in the context of the application of traditional laws and customs, including demonstration of the existence of certain rights and privileges that attach to the land, in the period following colonisation;
 - (ii) these rights and privileges have been maintained continuously in the period following colonisation up until the time of the relevant claim; and
 - (iii) the native title rights have not been lawfully extinguished, either by voluntary surrender to the Crown, death of the last survivor of the relevant community claiming native title or the grant of an interest by the Crown via legislation or executive actions that is otherwise inconsistent with the existence of native title (e.g. freehold or some leasehold interests in land).
- (c) Extinguishment will only be lawful if the extinguishment complies with the *Racial Discrimination Act 1975* (Cth).
- (d) Lesser interests granted in respect of the relevant land will not extinguish existing native title unless the grant is inconsistent with the exercise of native title rights. Accordingly, unless otherwise determined, native title rights will coexist with the relevant interest to the extent that the interest is not inconsistent.
- (e) In response to the Mabo Case the Commonwealth Parliament responded by passing the Native Title Act which came into effect in January 1994.



- (f) As a statement of general principles, the Native Title Act:
 - (i) provides for recognition and protection of native title;
 - (ii) provides a framework of specific procedures for determining claims for native title such as the “right to negotiate” which allows native title claimants to be consulted, and seek compensation, in relation to, amongst other things, mining operations;
 - (iii) confirms the validity of titles granted by the Commonwealth Government prior to 1994, or “past acts”, which would otherwise be invalidated upon the basis of the existence of native title; and
 - (iv) establishes ways in which titles or interests granted by the Commonwealth Government prior after 1994, or “future acts”, affecting native title (e.g. the granting of mining tenement applications and converting exploration licences and prospecting licences to mining leases and the grant of pastoral leases) may proceed and how native title rights are protected.
- (g) The *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* (WA) was enacted by the Western Australia Parliament and adopts the Native Title Act in Western Australia.
- (h) The High Court decision in *The State of Western Australia v Ward* (2002) HCA 28 (8 August 2002) established that:
 - (i) native title has been completely extinguished as it relates to freehold land, public works or other previous acts granting exclusive possession and also including minerals and petroleum which are vested in the Crown; and
 - (ii) native title is partially extinguished upon the basis of, amongst other things, pastoral and mining leases that grant non-exclusive possession.

8.3 Validity of the Tenements

- (a) Mining tenements granted since 23 December 1996 which affect native title rights and interests will be valid provided that the “future act” procedures set out below were followed by the relevant parties.
- (b) As each of the Tenements have been granted following 23 December 1996 we have assumed that the relevant Native Title Act procedures were followed in relation to each Tenement for the purposes of this Report. We are not aware of any reason why the Tenements would be regarded as having not been validly granted.

8.4 Future tenement grants

- (a) On the basis that the Tenements may be converted into mining leases, or any tenements acquired in the future may be, the future act provisions under the Native Title Act will apply.
- (b) The valid grant of any mining tenement which may affect native title requires compliance with the provisions of the Native Title Act in addition to compliance with the usual procedures under the relevant State or Territory mining legislation.



- (c) There are various procedural rights afforded to registered native title claimants and determined native title holders under the Native Title Act, with the key right being the “right to negotiate” process. This involves publishing or advertising a notice of the proposed grant of a tenement followed by a minimum six month period of good faith negotiation between the State or Territory Government, the tenement applicant and any relevant native title parties. If agreement is not reached to enable the grant to occur, the matter may be referred to arbitration before the NNTT, which has a further six months to reach a decision. A party to a determination of the NNTT may appeal that determination to the Federal Court on a question of law. Additionally, the decision of the NNTT may be reviewed by the relevant Commonwealth Minister.
- (d) The right to negotiate process can be displaced in cases where an Indigenous Land Use Agreement (**ILUA**) is negotiated with the relevant native title claimants and registered with the NNTT in accordance with provisions of the Native Title Act. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the relevant mining tenement. These procedures will vary depending on the terms of the ILUA. Similarly, if any other type of agreement is reached between a mining company or other proponent and a native title group which allows for the grant of future tenements, the right to negotiate process will generally not have to be followed with that native title group (depending on the terms of the agreement) but the parties will be required to enter into a state deed pursuant to the Native Title Act which refers to the existence of that other agreement and confirms the relevant tenement/s can be granted. The right to negotiate process may still need to be followed with other native title groups in circumstances where other native title parties hold rights under the Native Title Act in the proposed tenement area.
- (e) An ILUA will generally contain provisions in respect of what activities may be conducted on the land the subject of the ILUA, and the compensation to be paid to the native title claimants for use of the land.
- (f) Once registered, an ILUA binds all parties, including all native title holders within the ILUA area.
- (g) The right to negotiate process is not required to be followed in respect of a proposed future act in instances where the “expedited procedure” under the Native Title Act applies.
- (h) The expedited procedure applies to a future act under the Native Title Act if:
 - (i) the act is not likely to interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land;
 - (ii) the act is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of the native title in relation to the land; and
 - (iii) the act is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.



- (i) When the proposed future act is considered to be one that attracts the expedited procedure, persons have until three months after the notification date to take steps to become a native title party in relation to the relevant act (e.g. the proposed granting of an exploration licence).
- (j) The future act may be done unless, within four months after the notification day, a native title party lodges an objection with the NNTT against the inclusion of a statement that the proposed future act is an act attracting the expedited procedure.
- (k) If an objection to the relevant future act is not lodged within the four month period, the act may be done. If one or more native title parties object to the statement, the NNTT must determine whether the act is an act attracting the expedited procedure. If the NNTT determines that it is an act attracting the expedited procedure, the State or Territory may do the future act (i.e. grant a mining tenement).

9 QUALIFICATIONS AND ASSUMPTIONS

We note the following qualifications and assumptions in relation to this Report:

- (a) the information in Schedule 1 and Schedule 2 is accurate as at the date the relevant Searches were obtained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of a Search and the date of this Report;
- (b) we have assumed that the registered holder of a Tenement has valid legal title to the Tenements;
- (c) we have assumed that all Searches conducted are true, accurate and complete as at the time the Searches were conducted;
- (d) that where a document has been stamped it has been validly stamped and where a document has been submitted for stamping in Western Australia, it is validly stamped;
- (e) that where a document considered for the purposes of this Report has been provided by the Company it is a true, accurate and complete version of that document;
- (f) the references in Schedule 1 to the areas of the Tenements are taken from details shown on the electronic registers of DMIRS, as relevant. No survey was conducted to verify the accuracy of the Tenement areas;
- (g) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from our Searches and/or the information provided to us;
- (h) we have assumed that all instructions and information (including contracts), whether oral or written, provided to us by the Company, its officers, employees, agents or representatives is true, accurate and complete;
- (i) unless apparent from our Searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain a Tenement in good standing;
- (j) where any dealing in a Tenement has been lodged for registration but is not yet registered, we do not express any opinion as to whether that registration will be effected, or the consequences of non-registration;



- (k) with respect to the granting of the Tenements, we have assumed that the State, the relevant claimant group and the applicant(s) for the Tenements have complied with, or will comply with, the applicable future act provisions in the Native Title Act;
- (l) we have not researched the Tenements to determine if there are any unregistered Aboriginal sites located on or otherwise affecting the Tenements;
- (m) in relation to the native title determinations and claims outlined in this Report, we do not express an opinion on the merits of such determinations and claims;
- (n) we have not considered any further regulatory approvals that may be required under State and Commonwealth laws (for example, environmental laws) to authorise activities conducted on the Tenements; and
- (o) various parties' signatures on all agreements relating to the Tenements provided to us are authentic, and that the agreements are, and were when signed, within the capacity and powers of those who executed them. We assume that all of the agreements were validly authorised, executed and delivered by and are binding on the parties to them and comprise the entire agreements between the parties to each of them.

10 CONSENT

- (a) This Report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.
- (b) Mining Access Legal has given its written consent to the issue of the Prospectus with this Report in the form and context it in which it is included, and has not withdrawn its consent prior to the lodgment of the Prospectus with the Australian Securities and Investment Commission.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'H. McNamara'.

Hayley McNamara
Principal
Mining Access Legal



Schedule 1 - Tenement Schedule

Tenement/ Application	Holder/ Applicant	Shares	Grant Date/ Application Date	Expiry Date	Area (BL)	Expenditure Commitments per Annum	Next Annual Rent	Registered Dealings	Native Title and Aboriginal Heritage	Mining Rehabilitation Fund Levy for period ending 30 June 2019
E 09/2303	Desert Metals Limited	100/ 100	07-01-19	06-01-24	11.0	\$20,000 Expended in full for the year ended 06-01- 2020	\$4,551	No registered dealings	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) No objections lodged under Native Title Act No Registered Aboriginal Sites No Other Heritage Places	\$0
E 09/2330	Desert Metals Limited	100/ 100	05-12-19	04-12-24	120.0	\$120,000 Expenditure due 03/02/21 for year ending 04-12-20	\$16,920	No registered dealings	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) Objection WO2019/0253 lodged by Wajarri Yamatji #1 on 04/04/2019 and dismissed on 02/12/2019 (dismissed under section 148(b) Native Title Act 3 Registered Aboriginal Sites - 10035 ERONG 08 – Engraving - 10036 ERONG 09 – Engraving - 10037 – ERONG 10 – (Artefacts/Scatter, Engraving, Water Source) No Other Heritage Places	\$0



Solicitor's Report

E 09/2331	Desert Metals Limited	100/100	05-12-19	04-12-24	123.0	\$123,000 Expenditure due 03-02-21 for year ending 04-12-20	\$17,343	No registered dealings	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) Objection WO2019/0254 lodged by Wajarri Yamatji #1 on 04/04/2019 and dismissed on 02/12/2019 (dismissed under section 148(b) Native Title Act No Registered Aboriginal Sites No Other Heritage Places	\$0
E 09/2351	Desert Metals Limited	100/100	11-10-19	10-10-24	120.0	\$120,000 Expended in full for year ending 10-10-20	\$16,920	No registered dealings	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) No objections lodged under Native Title Act No Registered Aboriginal Sites No Other Heritage Places	\$0
E 51/1901	Desert Metals Limited	100/100	03-04-19	02-04-24	27.0	\$27,000 Expended in full for the year ended 02-04-20	\$3,807	No registered dealings	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) No objections lodged under Native Title Act No Registered Aboriginal Sites No Other Heritage Places	\$0
E 51/1907	Desert Metals Limited	100/100	05-11-20	04-11-25	25.0	\$25,000 Expenditure due 03-01-22 for year ending 04-11-21	\$3,525	No registered dealings	Wholly within Wajarri Yamatji #1 claim area (WC2004/010) (100%) Objection WO2019/0255 lodged by Wajarri Yamatji #1 on 04/04/2019 and withdrawn on 05/11/2020 No Registered Aboriginal Sites No Other Heritage Places	\$0
E 52/3650	Desert Metals Limited	100/100	02-04-19	01-04-24	16.0	\$20,000 Expended in full for the year ended 01-04-20	\$2,256	No registered dealings	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) No objections lodged under Native Title Act 2 Registered Aboriginal Sites - 11469 Gianna Rockhole (Engraving, Water Source) - 11470 Cliffs (Artefacts/Scatter, Engraving, Other: Rockhole) No Other Heritage Places	\$0



Solicitor's Report

E 09/2331	Desert Metals Limited	100/100	05-12-19	04-12-24	123.0	\$123,000 Expenditure due 03-02-21 for year ending 04-12-20	\$17,343	No registered dealings	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) Objection WO2019/0254 lodged by Wajarri Yamatji #1 on 04/04/2019 and dismissed on 02/12/2019 (dismissed under section 148(b) Native Title Act No Registered Aboriginal Sites No Other Heritage Places	\$0
E 52/3665	Desert Metals Limited	100/100	05-11-20	04-11-25	80.0	\$80,000 Expenditure due 03-01-22 for year ending 04-11-21	N/A	No registered dealings	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) Objection WO2019/0256 lodged by Wajarri Yamatji #1 on 04/04/2019 and withdrawn on 05/11/2020 No Registered Aboriginal Sites No Other Heritage Places	\$0
E 52/3741	Desert Metals Limited	100/100	05-11-20	04-11-25	17.0	\$20,000 Expenditure due 03-01-22 for year ending 04-11-21	N/A	No registered dealings	Wholly within Wajarri Yamatji determination area (WAD28/2019, WCD2017/007) (100%) Objection WO2019/1152 lodged by Wajarri Yamatji #1 on 17/12/2019 and withdrawn on 05/11/2020 No Registered Aboriginal Sites No Other Heritage Places	\$0



Schedule 2 - Non-Standard Conditions

Tenement	Condition No	Start Date	Text
E51/1901	6	03/04/2019	Consent to mine on Robinson Stock Route Reserve 18339 granted subject to: No exploration activities being carried out on Robinson Stock Reserve 18339 which restrict the use of the reserve.
E09/2351	6	11/10/2019	No interference with Geodetic Survey Station GLENBURGH 11 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
E09/2331	7	11/10/2019	The prior written consent of the Minister responsible for the Mining Act 1978 being obtained before commencing any exploration activities on Water and Stopping Place for Travellers and Stock Reserves 479 and 480.
E09/2330	6	05/12/2019	No interference with Geodetic Survey Station COOR-DE-WANDY and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
E09/2330	6	05/12/2019	No interference with the use of the Aerial Landing Ground and mining thereon being confined to below a depth of 15 metres from the natural surface.
E09/2330	7	05/12/2019	The prior written consent of the Minister responsible for the Mining Act being obtained before commencing any exploration activities on Watering and Stopping Place for Travellers Reserve 480.
E52/3665	Endorsement 2	05/11/2020	The grant of this licence does not include the land the subject of prior Exploration Licences 52/1552 and 52/1553. If the prior licences expire, are surrendered or forfeited, that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining Regulations 1981 titled "Transitional provisions relating to Geocentric Datum of Australia".
E52/3741	Endorsement 2	05/11/2020	The grant of this licence does not include the land the subject of prior Exploration Licences 52/1552 and 52/1553. If the prior licences expire, are surrendered or forfeited, that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining Regulations 1981 titled "Transitional provisions relating to Geocentric Datum of Australia".

ANNEXURE C – INVESTIGATING ACCOUNTANT’S REPORT



5 November 2020



The Directors
Desert Metals Limited
3 Halifax Road
Maylands WA 6051

Bentleys Audit & Corporate
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Dear Board of Directors

Independent Limited Assurance Report on Desert Metals Limited Historical and Pro forma Financial Information

We have been engaged by Desert Metals Limited (“Desert Metals” or “the Company”) to prepare this Independent Limited Assurance Report (“Report”) in relation to certain financial information of Desert Metals for inclusion in the Prospectus.

The Prospectus (or “the document”) is issued for the purposes of raising \$5,000,000 before associated costs through the issue of 25,000,000 Ordinary Shares at an issue price of \$0.20 per Share.

Expressions and terms defined in the document have the same meaning in this Report. This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

Scope

You have requested Bentleys to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested Bentleys to review the following historical financial information (together the “Historical Financial Information”) of Desert Metals included in the Prospectus:

- The historical Statement of Profit or Loss and Other Comprehensive Income for the periods ended 30 June 2020, 30 June 2019 and 30 June 2018 for Desert Metals Limited;
- The historical Statement of Financial Position as at 30 June 2020, 30 June 2019 and 30 June 2018 of Desert Metals Limited

- The historical Statement of Cash Flows for the periods ended 30 June 2020, 30 June 2019 and 30 June 2018 for Desert Metals Limited

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principals contained in Australian Accounting Standards and the company's adopted accounting policies. The Historical Financial Information of Desert Metals has been extracted from the audited historical financial statements for 30 June 2018, 30 June 2019 and 30 June 2020 which were audited by Bentleys in accordance with Australian Auditing Standards. An unqualified audit opinion was issued for 30 June 2018, 30 June 2019 and 30 June 2020 with a material uncertainty surrounding the ability of the entity to continue as a going concern.

Pro Forma historical financial information

You have requested Bentleys to review the pro forma historical Statement of Financial Position as at 30 June 2020 referred to as "the pro forma historical financial information."

The pro forma historical financial information has been derived from the historical financial information of Desert Metals, after adjusting for the effects of the subsequent events and pro forma adjustments described in note 2 of section 6.7 of the document. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section note 2 of section 6.7 of the document, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position or financial performance.

The pro-forma historical financial information has been prepared by adjusting the statement of financial position of Desert Metals as at 30 June 2020 to reflect the financial effects of the following subsequent events which have occurred in the period since 30 June 2020:

- (a) The company paid \$28,607, recorded a receivable of \$599 and incurred a liability of \$172,699 for operational and exploration costs;
- (b) The issue of 10,000,000 ordinary shares at \$0.10 per share to raise \$1,000,000 before costs as a pre-IPO capital raising costs of \$30,000.

And the following pro forma transactions which are yet to occur, but are proposed to occur following completion of the capital raising:

- (a) The issue of 25,000,000 ordinary shares at \$0.20 per share to raise \$5,000,000 before costs as the Initial Public Offering and payment of \$494,148 being the expenses of the offer; and

- (b) The issue of 12,300,000 options exercisable at \$0.30 with a term of 3 years to directors, founding shareholders, lead manager and service provider as follows. Options valued at \$0.0521 per option.

Options	Number of options
Directors	1,000,000
Founding Shareholders	8,000,000
Lead Manager	1,650,000
Service Provider	1,650,000
Total	12,300,000

Directors' responsibility

The directors of Desert Metals are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express limited assurance conclusions on the historical financial information and pro forma historical financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Historical Financial Information

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information for Desert Metals comprising:

- The historical Statements of Profit or Loss and Other Comprehensive Income for the periods ended 30 June 2020, 30 June 2019 and 30 June 2018;
- The historical Statements of Cashflow for the periods ended 30 June 2020, 30 June 2019 and 30 June 2018; and
- The historical Statements of Financial Position as at periods ended 30 June 2020, 30 June 2019 and 30 June 2018

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 6.2 of the document.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information comprising the Statement of Financial Position as at 30 June 2020 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in 6.2 of the document.

Restriction on Use

Without modifying our conclusions, we draw attention to section 6.1 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

Bentleys has consented to the inclusion of this Independent Limited Assurance Report in this disclosure document in the form and context in which it is so included (and at the date hereof, this consent has not been withdrawn), but has not authorised the issue of the disclosure document. Accordingly, Bentleys makes no representation or warranties as to the completeness and accuracy of any information contained in this disclosure document, and takes no responsibility for, any other documents or material or statements in, or omissions from, this disclosure document.

Liability

The Liability of Bentleys Audit & Corporate (WA) Pty Ltd is limited to the inclusion of this report in the Prospectus. Bentleys Audit & Corporate (WA) Pty Ltd makes no representation regarding, and takes no responsibility for any other statements, or material in, or omissions from the Prospectus.

Declaration of Interest

Bentleys Audit & Corporate (WA) Pty Ltd does not have any interest in the outcome of this transaction or any other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Bentleys Audit & Corporate (WA) Pty Ltd will receive normal professional fees for the preparation of the report.

Yours faithfully



MARK DELAURENTIS CA

Partner

DESERT METALS LIMITED

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