

ASX RELEASE 22 MAY 2023

Belele, Little Gap Well and Mt Opal Projects

In response to a query by the ASX relating to its release of May 17, 2023, Desert metals provides the following clarification:

In its release of May 17 this year Desert Metals announced that shearing, alteration, veining and sulphides were variably encountered in the 79 holes completed at its recent drilling program at Belele. The announcement further went on to say that this, along with the uncovering of 3.5km thickness and at least 15km strike of the Mingah Range greenstone, was highly encouraging. Fractured, altered, unexplored greenstone in the Yilgarn Craton of Western Australia that has evidence of veining and sulphides is highly prospective for undiscovered gold mineralisation.

The Company would like to be clear about the nature of sulphides and their relevance to gold exploration. Sulphides are common rock forming compounds that usually consist of just iron and sulphur. In the absence of other elements, they have no economic value and should not be considered mineralisation. Globally, however pyrite, arsenopyrite, and pyrrhotite are frequently found in conjunction with gold-bearing deposits. Their presence along with the shearing, alteration and veining is evidence of geological process. Gold deposits often form as a result of hydrothermal activity. That is, hot fluids rich in minerals circulate through cracks and fractures in the Earth's crust. These fluids, which are usually derived from magmatic or metamorphic sources, often contain both dissolved gold and sulphur. When the fluids encounter suitable conditions, such as changes in temperature, pressure, or pH, sulphur can precipitate in the form of iron sulphide. If gold is present in the hydrothermal fluid its precipitation can be facilitated by the sulphides, making their presence encouraging and noteworthy, but the mere presence of sulphides does not indicate the presence of gold mineralisation.

Although the above textures and features have been encountered to varying degrees in rocks at Belele, the Company cannot confirm the presence of mineralisation in these traverses until assays are received. Regardless of the assay results, the thickness and strike length of this altered, and to date unrealised and unexplored greenstone, means the area remains highly prospective for future exploration and potential mineralisation.

The Company would like to provide further details about the due diligence being conducted on the Little Gap Well and Mt Opal Projects. DM1 has secured a three-month exclusive due diligence period to review two projects approximately 30km and 50km south of Belele, within the Meekatharra gold district.

In the ASX release of May 17 a photo of “nuggets” from Little Gap Well was included. It is important to note that little other information is currently available about these nuggets and that while they, along with other data, have piqued the Company's interest and prompted further investigation, the Company cannot confirm their significance. Visual estimates of mineral abundance should never be considered a proxy or substitute for laboratory analyses where concentrations or grades are the

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factor of principal economic interest. Visual estimates also potentially provide no information regarding impurities or deleterious physical properties relevant to valuations.

The Company has paid \$50k to secure the exclusive due diligence period from an unrelated party, Diversified Asset Holdings Pty Ltd. The Company intends to spend the 3-month due diligence period collecting additional data and validating whether any mineralisation is present. Subject to successful due diligence, DM1 has the Option to Acquire up to 80% of the projects at its sole discretion via staged payments of cash and shares as outlined in the ASX release of 17 May. There are no conditions precedent for the Company to exercise its option and the Company would only proceed if it found significant evidence of mineralisation from data collected during the due diligence period.

Authorised by the Board of Desert Metals Limited.

Rob Stuart

Managing Director

Tony Worth

Technical Director

Competent Person Statement

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