

Quarterly Activities Report – Quarter ended December 2023

Desert Metals Limited (**ASX-DM1, Desert** or the **Company**) seeks to discover or acquire and develop high-potential minerals projects in Tier 1, geologically prolific mining jurisdictions – and by doing so create significant shareholder returns. In keeping with this strategy, during the quarter Desert Metals entered into a binding agreement to acquire 100% of Côte d'Ivoire gold and lithium explorer CDI Resources Limited (**CDI**).

- CDI holds interests in seven gold and lithium projects covering 2,769km² of granted mineral permits and permit applications including the following:
 - **Tengrela South** gold project comprising a granted mineral exploration permit 30km south and along strike of the Sissingué operating gold mine and 10km north of the Atex lithium discovery. Significant gold mineralisation has been identified in historic drilling including **8m at 30.0g/t gold** from 52m, **14m at 5.9g/t gold** from 60m, and 40m at 1.0g/t gold from 4m
 - **Adzope** gold project (application) that has extensive and broad alluvial, eluvial and hard-rock gold mineralisation across the entire project area including a +2km-long sequence of artisanal gold operations in the northeast providing an immediate drill target; and
 - **Agboville lithium** project comprising over 1,000km² of mineral permit applications made over areas of the eastern pegmatite fields of Côte d'Ivoire where lithium, beryllium, tantalum and rare earth mineralisation have been previously identified in government mapping.
- Côte d'Ivoire is considered a premier destination for mining investment, with several operating gold mines held by major gold producers including Barrick Gold Corporation, Endeavour Mining Corporation and Perseus Mining Limited.
- The acquisition aims to add further value to Desert Metal's existing portfolio of nickel, rare earth and gold assets in Western Australia's Yilgarn Craton.
- \$3.75m raised through CPS Capital Group in conjunction with the acquisition to support ongoing exploration at both the Côte d'Ivoire and DM1's existing WA projects.

Desert Metals to acquire gold and lithium projects in Côte d'Ivoire

Desert Metals announced on 4th December (ASX announcement, 4th December) that it had entered into a binding agreement to acquire 100% of the issued share capital of Côte d'Ivoire mineral explorer CDI Resources Limited (CDI). CDI has the right to earn an interest in 7 projects comprising 9 mineral permits covering 2,769km² in Côte d'Ivoire. Figure 1 shows the project locations underlain with the highly prospective geology of Côte d'Ivoire.



Figure 1. CDI Resources' project locations and geological plan

For a detailed description of the projects being acquired, refer to the Company's ASX releases of 4th December 2023 ([Acquisition of gold and lithium projects in Ivory Coast](#)) and 6th December 2023 ([Investor presentation](#)).

Côte d'Ivoire Mining Industry*

Côte d'Ivoire has significant untapped mineral potential and a government committed to growing the mining sector, making it an attractive destination for mining investments in West Africa. Côte d'Ivoire has enjoyed political stability and steady economic growth of 7% in recent years. The government has prioritized strengthening security, improving infrastructure like roads and ports, and establishing special

economic zones to facilitate foreign investment. Gold production has expanded rapidly, rising from 400,000 ounces in 2012 to 1.5 million ounces in 2022. There are eight operating gold mines in Côte d'Ivoire operated by global mining firms including Barrick Gold Corporation, Endeavour Mining Corporation and Perseus Mining Limited. As of June 2022, Côte d'Ivoire had granted 124 exploration permits.

* <https://www.cruxinvestor.com/posts/cote-divoire-an-emerging-mining-hotspot-in-west-africa>

Key Acquisition Terms

In consideration for the Acquisition, the Company has agreed to issue the shareholders of CDI (CDI Vendors) a total of 75,000,000 fully paid ordinary shares in the capital of the Company (Shares), subject to shareholder approval (Consideration Shares).

Settlement of the Acquisition (Settlement) is conditional upon the satisfaction (or waiver) of a number of conditions precedent which our outlined in the ASX Announcement dated 4 December 2024.

Subsequent to the end of the quarter, all of the conditions precedent have been met to the satisfaction of DM1 and DM1 shareholders approved the transaction at a general meeting on the 17th January. A share placement to raise \$3.75m with CPS Capital Group was also completed as part of the acquisition.

As a result of the acquisition of CDI, the Company has resolved to appoint CDI director Mr Stephen Ross (BSc (Geology), FFin, MAusIMM, MAICD) to the board of DM1. Mr Ross has a 25-year history with West Africa, having been based in Ghana for many years managing a geological consultancy, and is a former director of West African Resources Limited (ASX: WAF) and Azumah Resources Limited (ASX: AZM).

Mr Ross is a geologist, independent consultant, and public company director who has been involved in the international minerals industry in technical, business development, and corporate positions for 30 years. He is also non-executive Chairman of Power Minerals Limited and a non-executive director of Pinnacle Minerals Limited, Summit Minerals Limited and Trigg Minerals Limited.

Tony Worth and Keith Murray will resign as directors of the Company with effect from Settlement of the Acquisition. Accordingly, on completion of the Acquisition, the Board will comprise Non-Executive Chair Mark Stewart, Managing Director Robert Stuart, and Director Stephen Ross.

WA projects - Summary of field activities for the quarter

Little Gap Well / Mt Opal – A ground electromagnetic (EM) survey was completed over the Little Gap Well line of copper-gold workings during the quarter. Interpretation of the data is ongoing. A Program of Work (POW) permit has been received to drill at both Little Gap Well and Mt Opal. Drilling is anticipated to commence once the modelling of the EM survey is finalised and heritage surveys are completed.

Dingo Pass – Limited field mapping was completed over a number of EM targets at Dingo Pass. While previously unmapped mafic/ultramafic intrusions were encountered, no sulphides or gossans were observed associated with these outcrops. More detailed ground EM surveys would be required to confirm and better define these airborne EM targets prior to any follow-up drilling.

No additional field work was completed on the company's other projects during the quarter.

Tenement Status

The Company confirms that all the Company's tenements remain in good standing. The beneficial interest held by the Company in the various tenements has not changed, except that the company's 60% interest in the Little Gap Well and Mt Opal projects has now been registered with the Department of Mines (DMIRS). Details of the tenements are set out in Annexure 1.

Payment to Related Parties

The Company advises that payments to related parties of \$97,445 included Directors' fees, legal fees, CEO and executive management fees and consulting fees for geophysical and geological interpretation.

Summary of Exploration Expenditure

In accordance with ASX listing Rule 5.3.1 the Company advises that the cash outflows on its mining exploration activities reported in 1.2(a) of its Appendix 5B for the September 2023 quarter are as follows: Exploration: \$436,335.

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 Tony Worth, a competent person who is a member of the Australasian Institute of Geoscientists. Mr Worth has a minimum of five years'

experience which is relevant to the style of mineralisation 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. Mr Worth is a related party of the Company, being a Director, and holds securities in the Company. Mr Worth has consented to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Corporate Information

Company Secretary

Paul Heatley

Forward shareholder enquiries to

Automic Group,

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Issued Capital

On 31 December 2023 the total fully paid ordinary shares on issue were 72,541,078.

Annexure 1 - Tenement Information

In accordance with listing rule 5.3.3, the table below shows the interest in tenements held by the Company.

TenID	Type	Ten Status	Ownership	Holder
E 0902303	Exploration License	Live	100%	Desert Metals Limited
E 0902330	Exploration License	Live	100%	Desert Metals Limited
E 0902331	Exploration License	Live	100%	Desert Metals Limited
E 0902351	Exploration License	Live	100%	Desert Metals Limited
E 5101901	Exploration License	Live	100%	Desert Metals Limited
E 5101907	Exploration License	Live	100%	Desert Metals Limited
E 5203650	Exploration License	Live	100%	Desert Metals Limited
E 5203665	Exploration License	Live	100%	Desert Metals Limited
E 5203741	Exploration License	Live	100%	Desert Metals Limited
E 5102083	Exploration License	Pending	100%	Desert Metals Limited
E 5102162	Exploration License	Pending	100%	Desert Metals Limited
E 5102163	Exploration License	Pending	100%	Desert Metals Limited
E 5102048	Exploration License	Live	60%	Desert Metals Limited
E 5101981	Exploration License	Live	60%	Desert Metals Limited
E 5102037	Exploration License	Live	60%	Desert Metals Limited
P 5102993	Prospecting Licence	Live	60%	Desert Metals Limited
P 5102953	Prospecting Licence	Live	60%	Desert Metals Limited

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Desert Metals Limited

ABN

84 617 947 172

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(436)	(1,094)
(b) development	-	-
(c) production	-	-
(d) staff costs	(53)	(111)
(e) administration and corporate costs	(103)	(224)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received	37	116
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(555)	(1,313)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(6)	(56)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(6)	(56)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,161	1,969
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(555)	(1,313)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(56)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	600	600

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	600	1,161
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	600	1,161

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	97
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(555)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(555)
8.4 Cash and cash equivalents at quarter end (item 4.6)	600
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	600
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.08
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: As announced on 6 December 2023, and approved by shareholders on 17 January 2024, the company has raised additional capital to fund operations for a further 12 months. As a result it is expected that net operating cash flows will increase in subsequent quarters.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Please refer to comments in 8.8.1	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, on the basis stated in 8.8.1

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2024

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.