

ASX RELEASE 8 AUGUST 2023

Exercise of Option over the Little Gap Well and Mount Opal Gold Projects

Desert Metals or the Company (ASX:DM1) is pleased to advise that following Option Stage 1 being a three-month period of due diligence, the Company has resolved to proceed to Option Stage 2 of the letter agreement to acquire the Little Gap Well and Mount Opal gold projects (Projects). As a result, Desert Metals will acquire a 60% interest in the Projects for \$50,000 cash, 2,500,000 shares and 1,250,000 share options at 15c. The securities will be issued from the Company's current allocation available under ASX Listing Rules 7.1 and 7.1a. The shares and share options will be escrowed for six months from the date of issue.

Details of the Projects and terms of the staged acquisition were first released in the Company's ASX announcement of 18 May 2023.

The Company now intends to follow up with an intensive program of sampling, ground geophysics and drilling over the Projects. At Mount Opal work will immediately focus on identifying the orientation of mineralisation and subsequently drilling beneath the historic workings where a grab sample returned 17.3g/t Au. At Little Gap Well drill targets for gold mineralisation will be defined by results from the extensive soil sampling program conducted during the last quarter. An electrical ground geophysical survey will be conducted surrounding the location of a grab sample that returned 3.8% copper also during the due diligence period. Drilling of any targets identified will follow.

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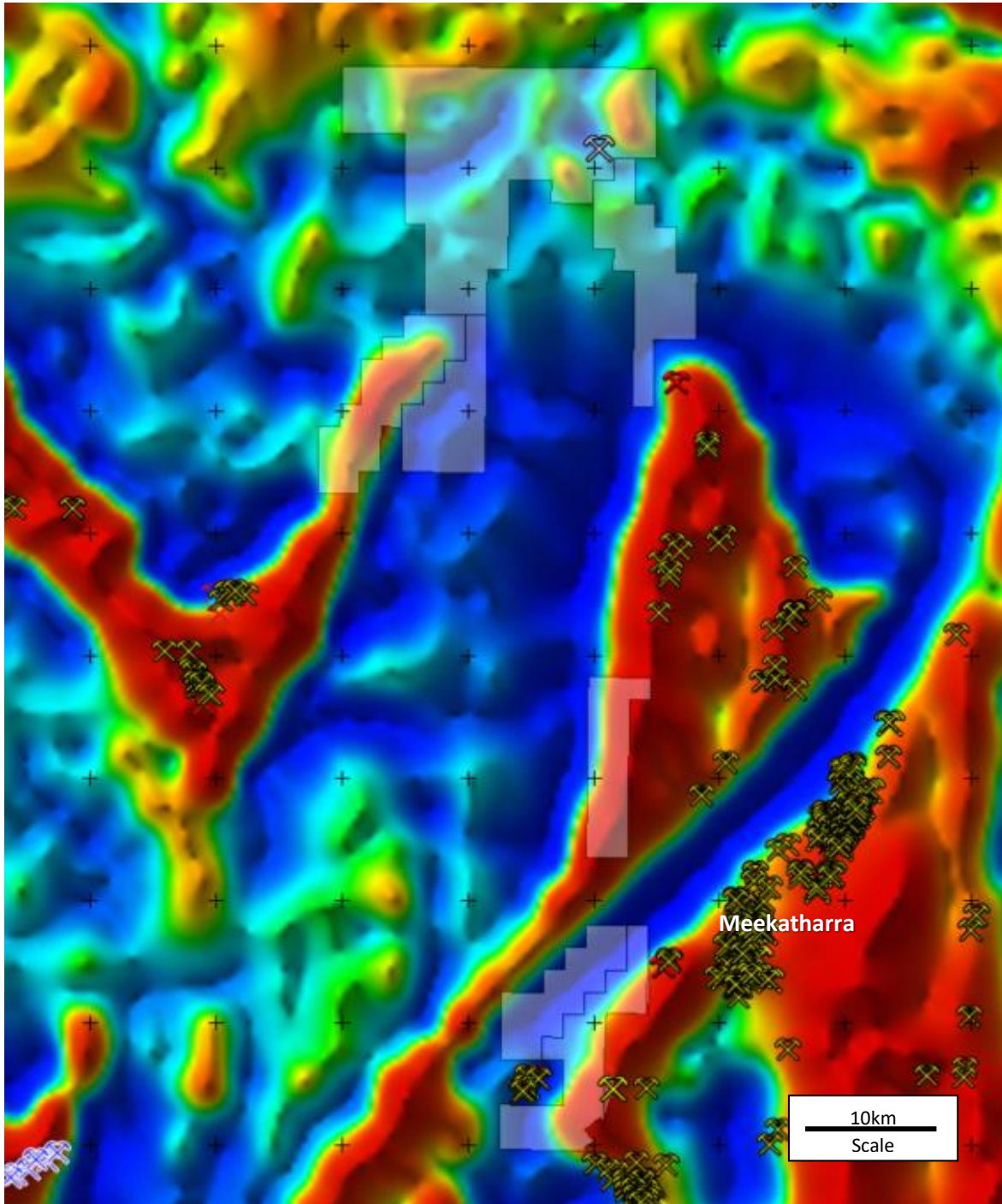


Figure 1 Desert Metals Gold Projects, Meekatharra District. (Background image is Bouguer Gravity)

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Little Gap Well, Mt Opal Prospects

DM1 has completed its review of the Little Gap Well and Mount Opal Projects and has resolved to proceed with Option Stage 2 of the acquisition. The Projects are approximately 50km and 30km south of Belele, respectively, within the Meekatharra gold district (Figure 1).

As part of its due diligence, the Company conducted field reconnaissance at the Projects and located several historic workings as well as numerous areas of more recent gold prospecting (ie. metal detecting). Several grab samples were taken and returned encouraging results (Figure 2).

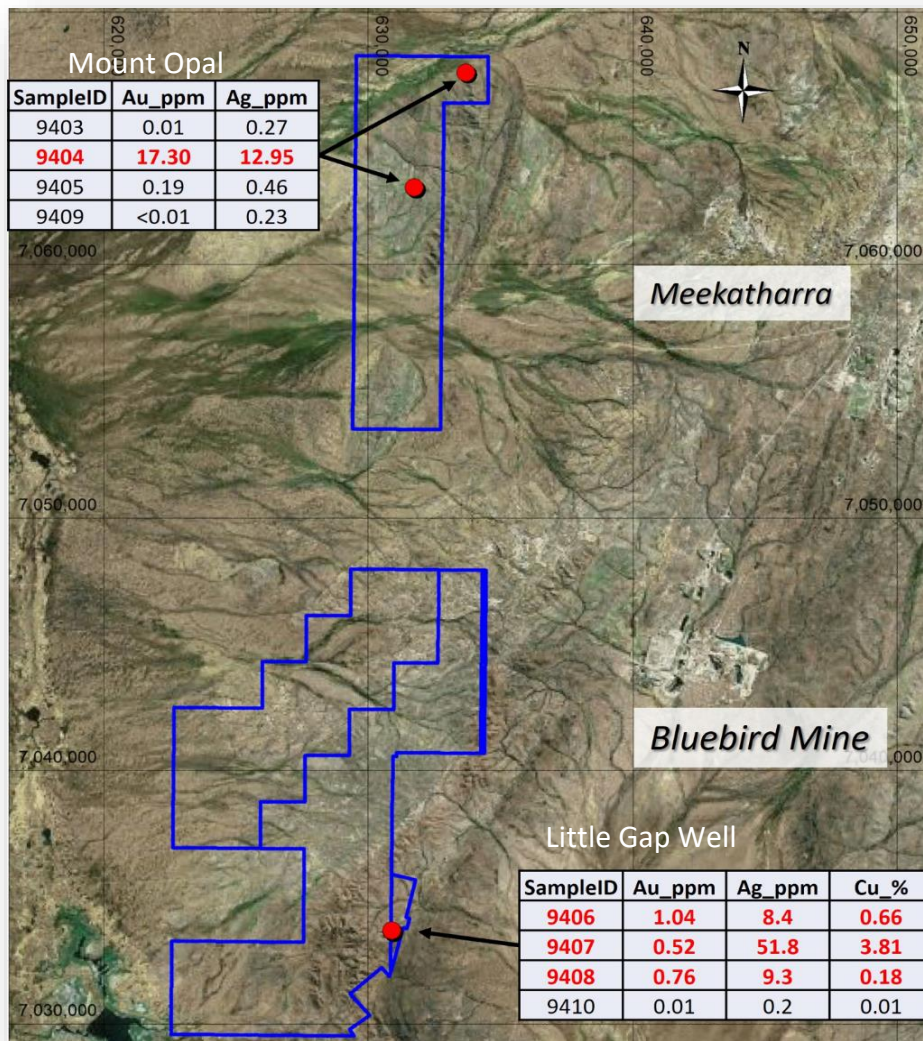


Figure 2 Grab Samples from Little Gap Well and Mount Opal

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Mount Opal

The best result at Mount Opal of 17.3g/t Au was returned from the historic AJAX Mine working (Figure 3). The sample was taken from the mullock pile at the main shaft which is at least 10m deep. The sample comprised sheared and potassically altered wall rock with no appreciable quartz veining. This line of workings does not appear to have been adequately tested by drilling. The Company plans to conduct detailed sampling and mapping to first determine the orientation of mineralisation and then test the mineralisation at depth through drilling.



Figure 3 Ajax Mine Historic Working, with inset of mullock material which assayed 17.3g/t Au.

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Little Gap Well

Grab samples taken from Little Gap Well during the due diligence period returned gold up to 1g/t and copper up to 3.8% from grab samples near the historic workings (Figure 4). This line of workings appears to have potential for Volcanogenic Massive Sulphide (VMS) mineralisation. The Company plans to conduct electrical ground geophysical surveys to locate any conductive source of the high-grade copper and subsequently test with drilling.

As part of the due diligence process an extensive soil sampling program has been completed at Little Gap Well (Figure 4). Once the results of the soil sampling and ground geophysics program are known the Company will finalise drill targets at Little Gap Well.

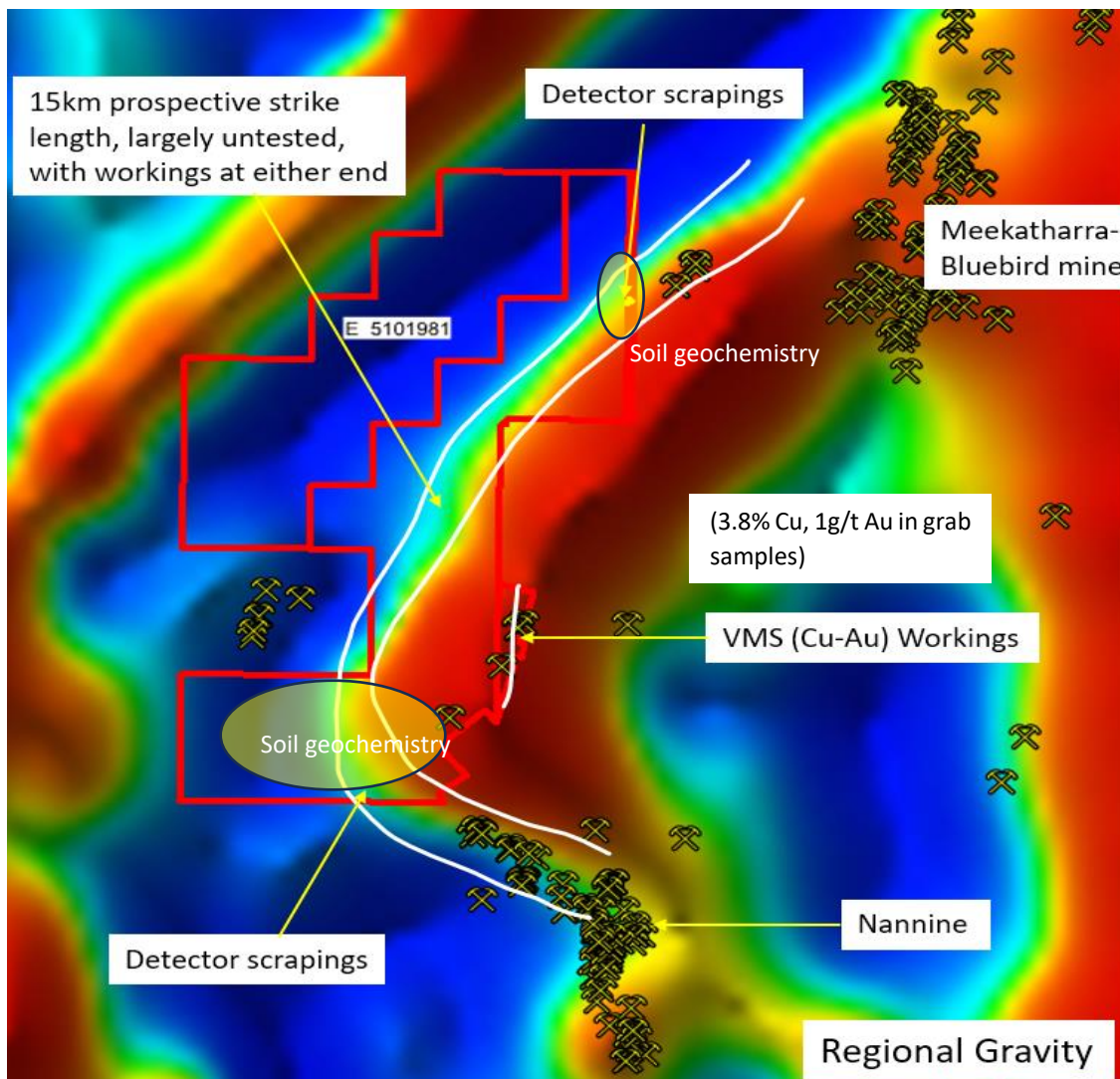


Figure 4 Little Gap Well Project, with approximate areas covered by due diligence soil geochemistry.

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DM1 has the option under Option Stage 3 of the letter agreement to acquire a further 20% of the Little Gap Well and Mount Opal projects from private company Diversified Asset Holdings Pty Ltd, via staged payments of cash and shares as follows:

Option Stage 3: Option to acquire an additional 20% interest (80% total interest) in the Projects for 4,500,000 shares and 2,250,000 share options in DM1 at 15c. The shares and share options will be escrowed for six months from the date of issue. The Option Stage 3 period expires 9 months from the date of the notice to exercise Option Stage 2, which commenced on April 1 2023. In addition, should the Company elect to exercise Stage 2 of the option and acquire an additional 20% interest, a 1% Net Smelter Royalty (NSR) will also be granted to the vendor over the Projects. DM1 will have the right to buy back 50% of the NSR for \$1,000,000 within five years of the date of its grant.

DM1 will also have a right of first refusal to acquire the remaining 20% of the Projects held by Diversified Asset Holdings Pty Ltd.

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.