ASX CODE: DM1

BOARD:
Mr Mark Stewart
Chairman

Dr Robert Stuart
Managing Director

Mr Tony Worth
Technical Director

Mr Keith Murray
Non-Executive Director

HEAD OFFICE
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West Perth WA 6005

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Website:
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Quarterly Activities Report – Quarter ended 30 June 2021

- **Airborne EM survey completed over Eastern Licenses. Multiple new high conductance anomalies detected.**
- **Innouendy Drilling - 3 holes, 835m. Massive sulphides intersected.**
- **RC pre-collars drilled at Irrida Hill. Diamond drilling begun after quarter end. Massive sulphide confirmed as the cause of the Irrida Hill conductors. Awaiting full geological interpretation.**
- **31 lines of Sligram moving loop Ground EM data have been collected following up on airborne EM anomalies in the western and eastern licenses. Several high conductance targets defined.**

Desert Metals Limited ("Desert" or the "Company") is pleased to provide the following report on its activities for the quarter ended 30 June 2021.

Eastern Licenses Airborne EM

New Resolution Geophysics collected 1833 line km of Airborne EM data over the Company's eastern licenses. Data has been collected at 400m line spacing with 200m infill over certain sectors.

These data reveal several conductive targets at key structural intersections near the Craton margin which have been grouped into three focus areas. These focus areas represent a significant expansion of the Company's prospective footprint in the Narryer Terrane. Several of these targets have been followed up with ground EM data and have become some of the Company's highest priorities for drilling. The Company believes it has again uncovered exciting drill targets sitting within the right type of intrusive rocks near the Craton margin. The Company now has a substantial bank of excellent targets to work through and systematically test.

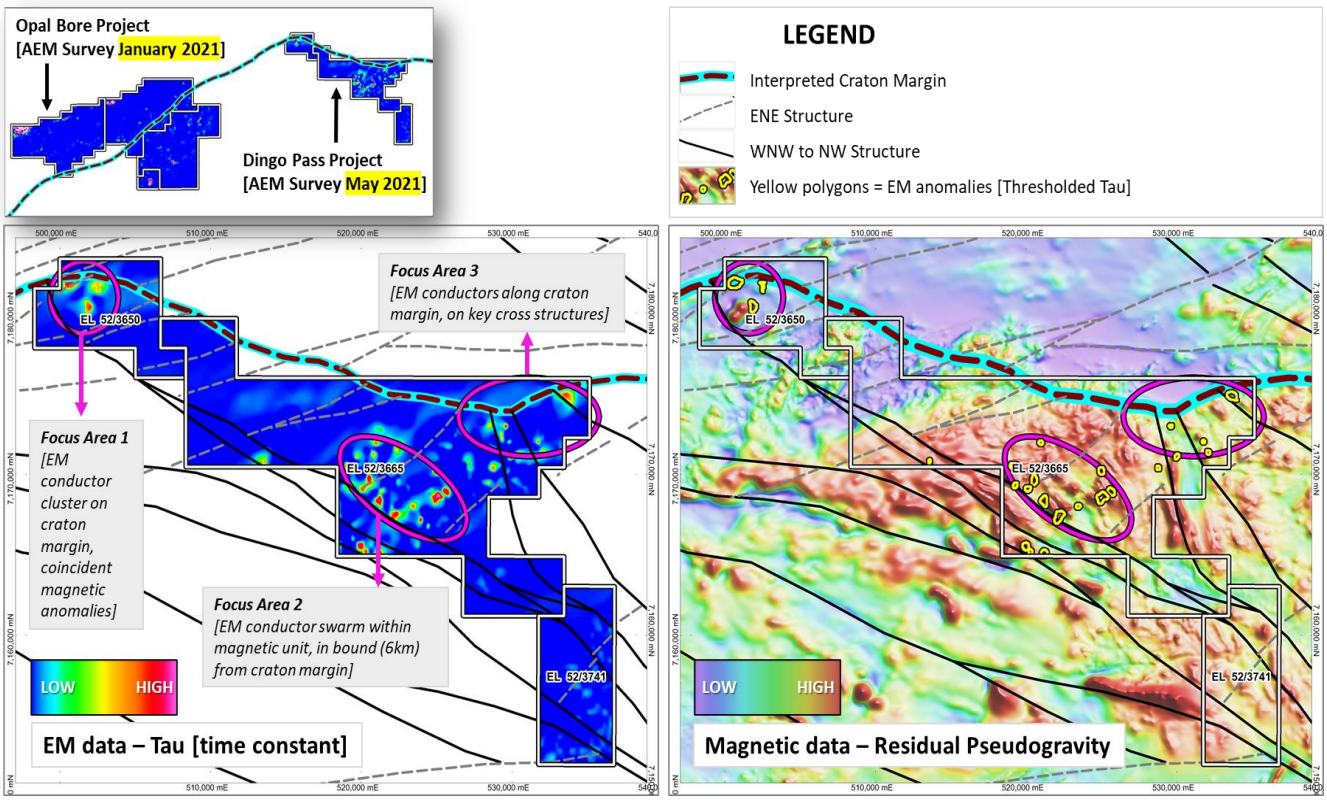


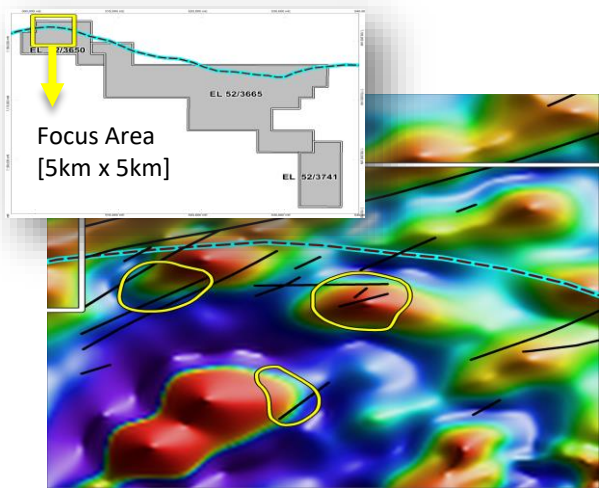
Figure 1 Preliminary EM survey results over the Dingo Pass Project.

TOP LEFT (inset): the location of the Dingo Pass Project with respect to the Opal Bore Project. Both projects are now covered with AEM data. The Tau (time constant) image derived from the survey data are shown for each tenement. Additionally, the interpreted craton margin is highlighted as a cyan-black dashed line.

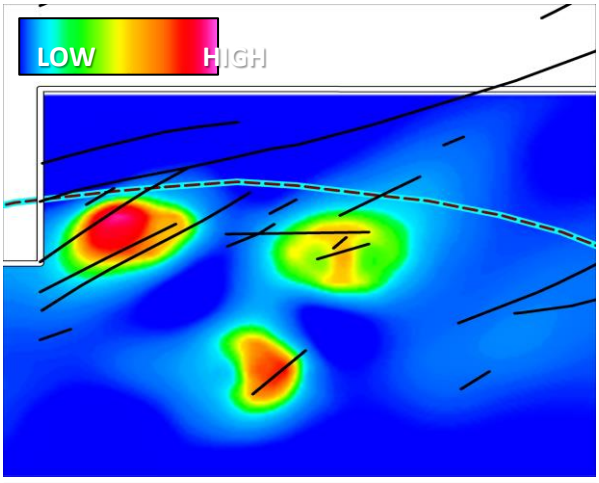
BOTTOM LEFT: A better look at the EM-derived Tau (time constant) data for the Dingo Pass Project. Immediate focus areas, each with several excellent conductors.

BOTTOM RIGHT: The same area as that shown in the EM image, this time displaying the magnetic data over the Dingo Pass Project. The residual pseudo-gravity filtered data was chosen. Many of the EM conductors have coincident or offset magnetic responses. The same structural interpretation (and craton margin) are overlain.

Intrusive Ni-Cu-PGE Targets defined at Breakaway



Magnetic data – Residual RTP



EM data – Tau [time constant]

5km

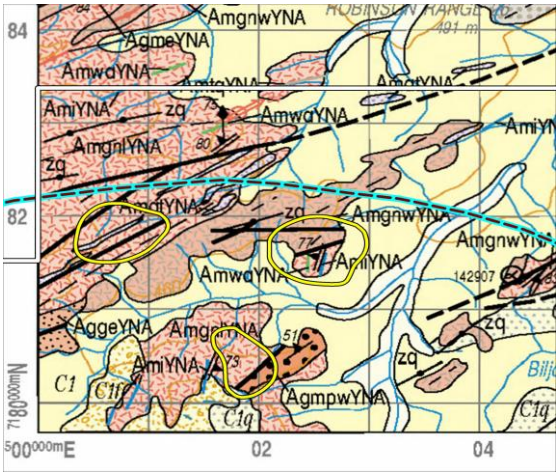


Figure 2: Preliminary EM Survey Results- Focus Area 1

Mapped geology shows peridotite (a mantle derived rock often associated with Ni-Cu-PGE sulphide deposits) coincident with a magnetic anomaly and a strong conductor within a few 100 metres of the Craton margin. The conductors may be caused by economic metallic sulphides. These new targets are prioritised for ground EM and drill testing

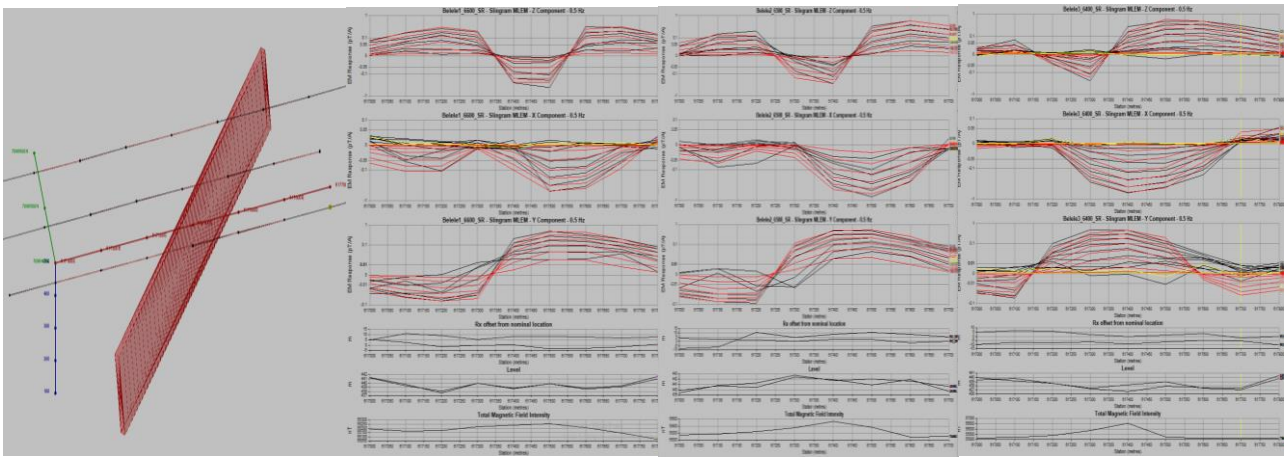
A closer look at focus area 1 in the Breakaway tenement (there are 3 tenements that comprise the Dingo Pass Project as shown in the inset). The figure shows the Magnetic data (LEFT IMAGE), the mapped 100K Geology (BOTTOM IMAGE) and the EM data – time constant image (RIGHT IMAGE).

There are three robust conductors in the EM data each semi-coincident with mapped meta-gabbro or peridotite in the 100K geology and a magnetic high. The locations of the EM conductors are shown as *yellow polygons* over the magnetic and geology images. The Tau image chosen for this release is a convenient way to represent the EM data collected. It is a transformation of temporal (time varying) 3D [x,y,*t*] data into a simple 2D representation. The selection of 'good quality bedrock conductors' however is always done using the EM profile data and filament modelling.

Volcanogenic Massive Sulphide (VMS) target defined at Belele

The Belele prospect (E51/1907) is roughly 50km northwest of Meekatharra and covers gravity and magnetics features interpreted to be an extension of the Mingah Range Greenstone Belt. The Mingah Range Greenstone Belt contains numerous historical gold showings, as well as several reported base metal gossans. Desert Metals considers the project prospective for shear zone hosted (orogenic) gold and volcanogenic massive sulphide (VMS) base metal deposits.

The Company has completed an Airborne EM survey at 250m line spacing to detect any VMS deposits which may be conductive. The helicopter data highlighted one discrete anomaly, coincident with a magnetic anomaly, and this has subsequently been better defined with 3 ground EM profiles. Belele will be drilled as soon as permits are in place.



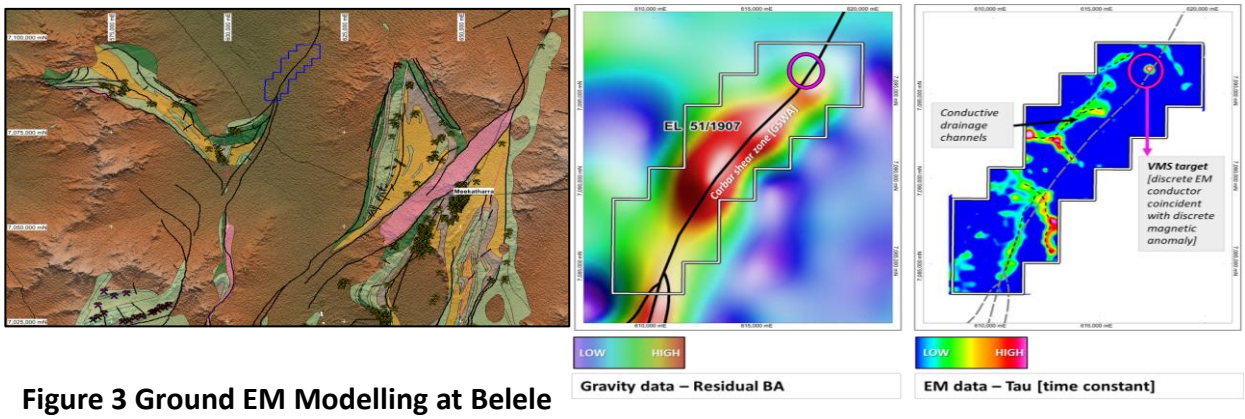
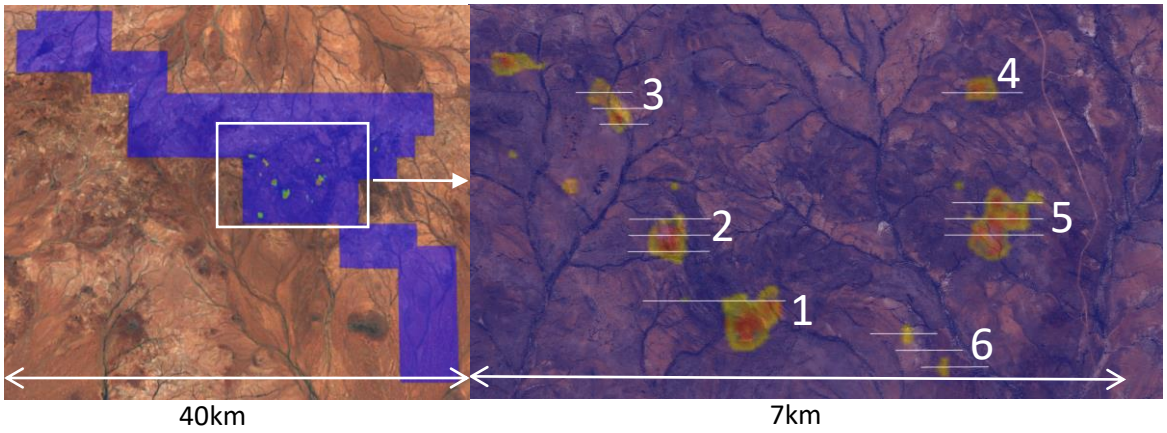


Figure 3 Ground EM Modelling at Belele

Model of 600m x 220m conductive plate which may be caused by VMS mineralisation. Profiles show observed (black lines) and modelled (red lines) data for channels 25-30. Lower images show regional geology, Bouguer gravity and airborne EM data

Ni-Cu-PGE Intrusive Targets defined at Dingo Pass

Several anomalies from the airborne EM data acquired in May have been followed up with ground EM and plate models made. On the Dingo Pass license there are 6 such discrete anomalies with conductivities modelled at up to 12,000 Siemens. This is very high. For comparison the Nova Bollinger conductor was initially modelled at ~5000 S and the multiple conductors at Irrida Hill ~3000 S. The higher the conductance the greater the chance it is caused by a thicker deposit of massive sulphide.



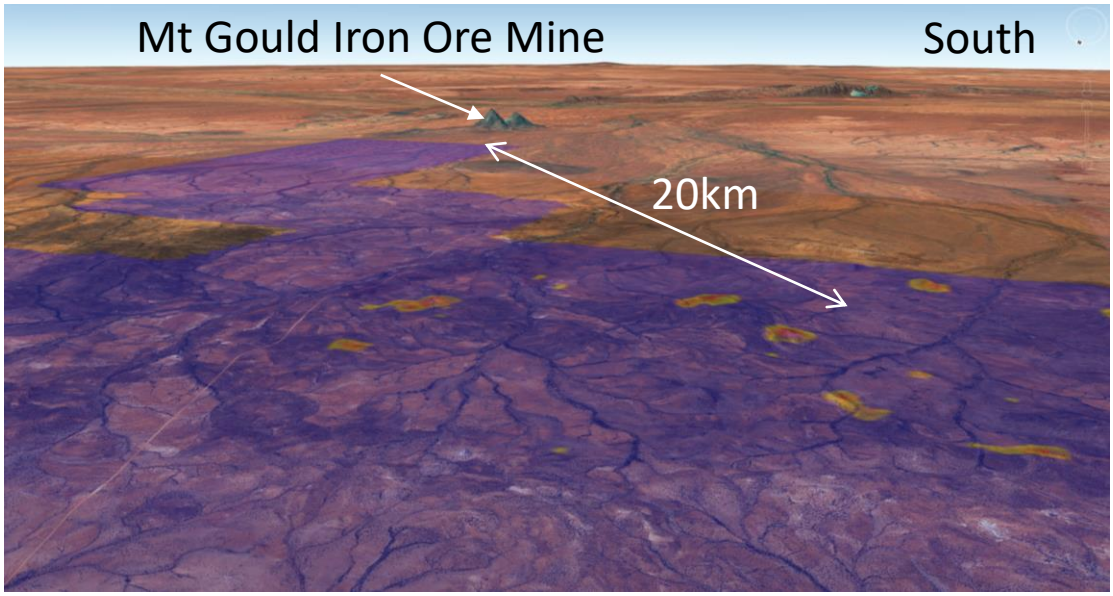
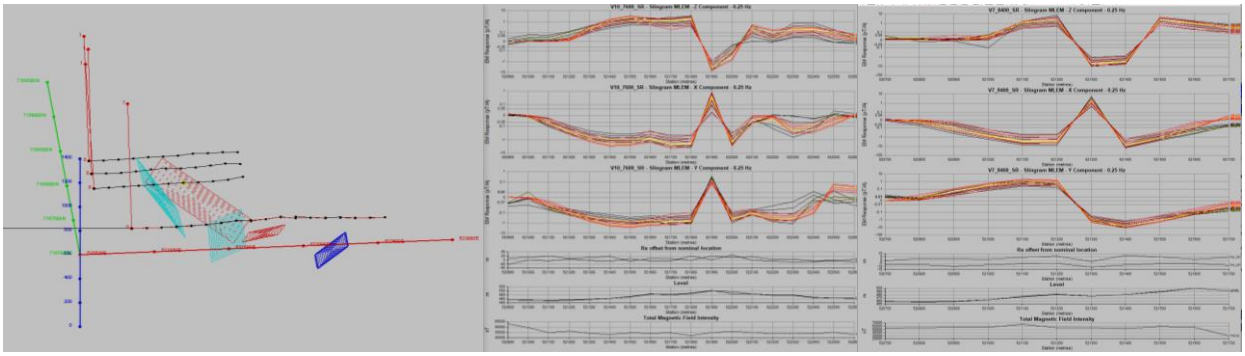
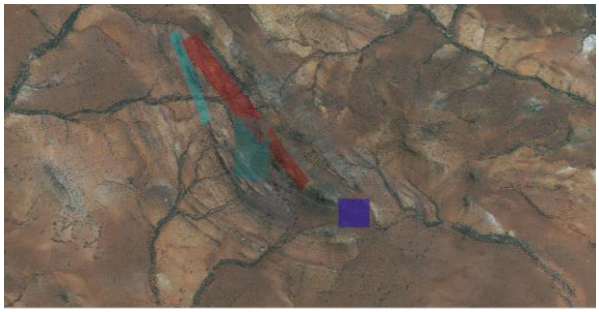


Figure 4. 6 separate Dingo Pass Conductors shown at different scales. These sit within mafic intrusive mapped by Desert. They are modelled at up to 12,000 S and together are unique across the Company's entire license package. **Background image** - late time Airborne EM over satellite photo. White lines - ground EM traverses.



a) b) c)

d)



e)

Figure 5: Ground EM Modelling

a) Oblique view of plates modelled through the Dome looking NE. Plates are modelled in the 9000-12,000S range.

b) Comparison between modelled and measured 0.25Hz late time vector field data (Ch35-40, 156-460ms) over line 7600. The black lines are the measured time channels 35-40 with the response decaying with time. Red lines are the response of the model at the same time channels. The excellent correlation between the two gives confidence that the model is a good representation of ground conditions and when drilled we can expect to intersect conductive material at the modelled depth. X, Y and Z profiles are shown. These are the components of the induced vector field and are independently measured datasets. No one set of these data is derived from any other and they all must be analysed individually to create a good model.

c) Line 8400. Same description as for b) above. All 4 lines collected (i.e. 12 field components) have been modelled simultaneously.

d) Satellite photo over the Dome. Desert's geologists have mapped undeformed mafic intrusive rocks that are the dark colours of the Dome.

e) The same image with the modelled conductive plates superimposed.

These very strong conductors in mafic intrusives will be drilled once permitting has been finalised.

Innouendy Drilling - Preliminary results

The Innouendy project consists of two EM plates detected on multiple airborne and ground EM surveys carried out by previous explorers. Previous explorers drilled 5 RC and one diamond hole attempting to intersect the eastern conductor. Historic drilling intersected ultramafic intrusive rocks but no massive sulphides or explanation for the conductor was detected. The western conductor had not been drill tested.

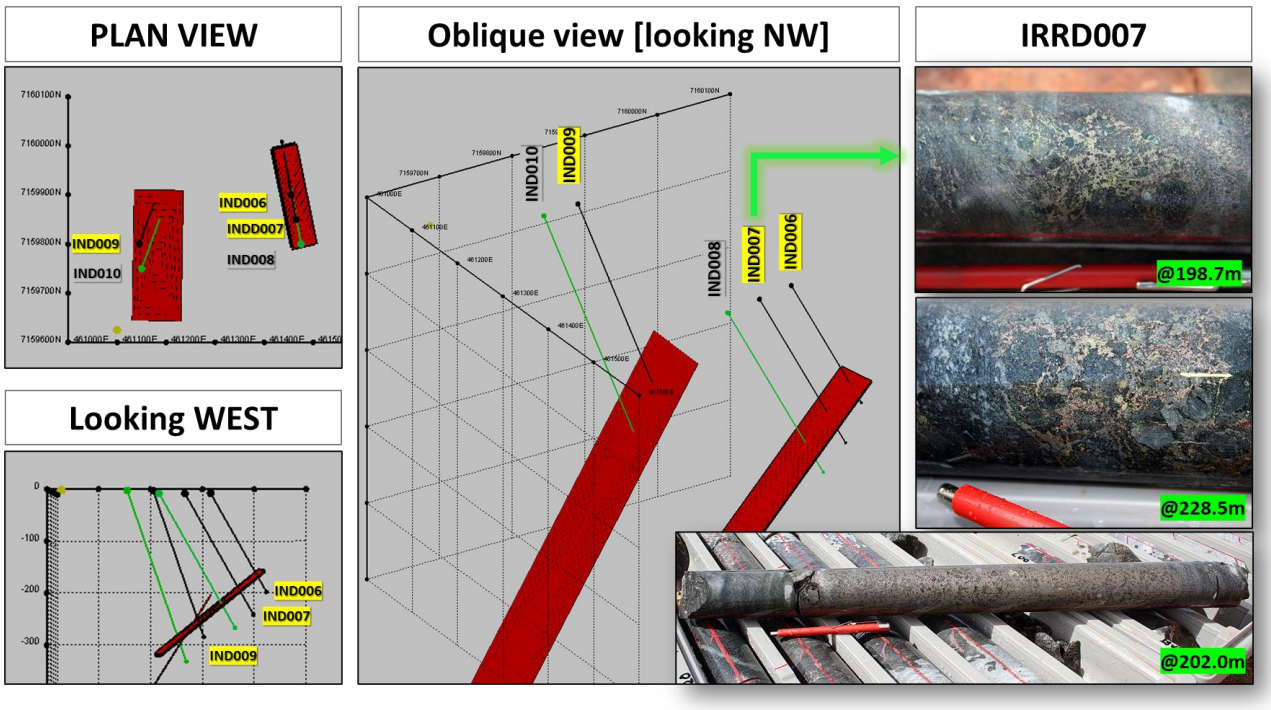


Figure 6 Samples of sulphide intersections at Innouendy

Three holes have initially been drilled at Innouendy, two into the eastern plate and one deeper hole into the western plate. Pyrrhotite dominated magmatic sulphides have been intersected in mafic intrusive rock in all three holes.

The Company had previously suggested that these conductors could be caused by massive sulphides associated with intrusive Ni-Cu-PGE deposits. Visual results from drill core confirm that the eastern plate at Innouendy is caused by disseminated to massive sulphides and not magnetite as hypothesised by previous explorers. It is believed to be the first significant intersection of intrusive magmatic massive sulphide anywhere in the Narryer Terrane.

Hole 1 (IND006) intersected an approximately 22m wide zone (162-184m) of disseminated to occasionally networked pyrrhotite with minor pyrite and traces of chalcopyrite hosted in a medium-coarse grained mafic intrusive (modelling predicted intersection to be at 190m).

Hole 2 (IND007) intersected had an approximately ~5m wide zone (198-203m) of disseminated, to networked and semi-massive pyrrhotite (+/- pyrite, trace chalcopyrite), with one semi-massive zone at 202-202.4m (compared to the modelled EM conductor intersection at 213m). A smaller sulphide zone at 228.5m contains 10-20cm of network textured sulphides with chalcopyrite, pyrrhotite and pentlandite. Both sulphide zones are hosted in a mafic intrusive rock.

The two holes were designed to intersect the eastern of two conductive plates at Innouendy and one of six plates overall being targeted by the initial drilling campaign at Innouendy and Irrida Hill. This conductor had been targeted unsuccessfully by previous explorers with six historic drillholes. Downhole EM is being planned and the Company is awaiting assay results for Copper, Nickel, Cobalt and Platinum group elements from these drill holes before deciding what further work is needed to define any mineralisation in the eastern plate.

Hole 3 (INDD009) drilled into the western plate intersected ~40m of disseminated to networked pyrrhotite with minor disseminated chalcopyrite over 2 separate ~20m intervals. These intersections are not believed to adequately explain the modelled plate.

Irrida Hill – Drilling program ongoing

The Irrida Hill project consists of multiple high conductance plates modelled from ground EM data collected by the Company. These anomalies also show up clearly on the Company's airborne and ground EM data. These conductors are coincident with a strong, discrete magnetic low at a prominent structural intersection as interpreted from regional magnetic data. Ground inspection confirms a sub-cropping intrusion coincident with the magnetic low.

Anomalous nickel and copper in UM from historical shallow drilling was reported by WMC [Western Mining percussion drilling 1977 (exact location unknown), GDE-9 surface to EOH (14m) average 2077 ppm Ni, GDE-10 surface to EOH (18m) average 2091 ppm Ni].

During the quarter the company began drill testing these plates.

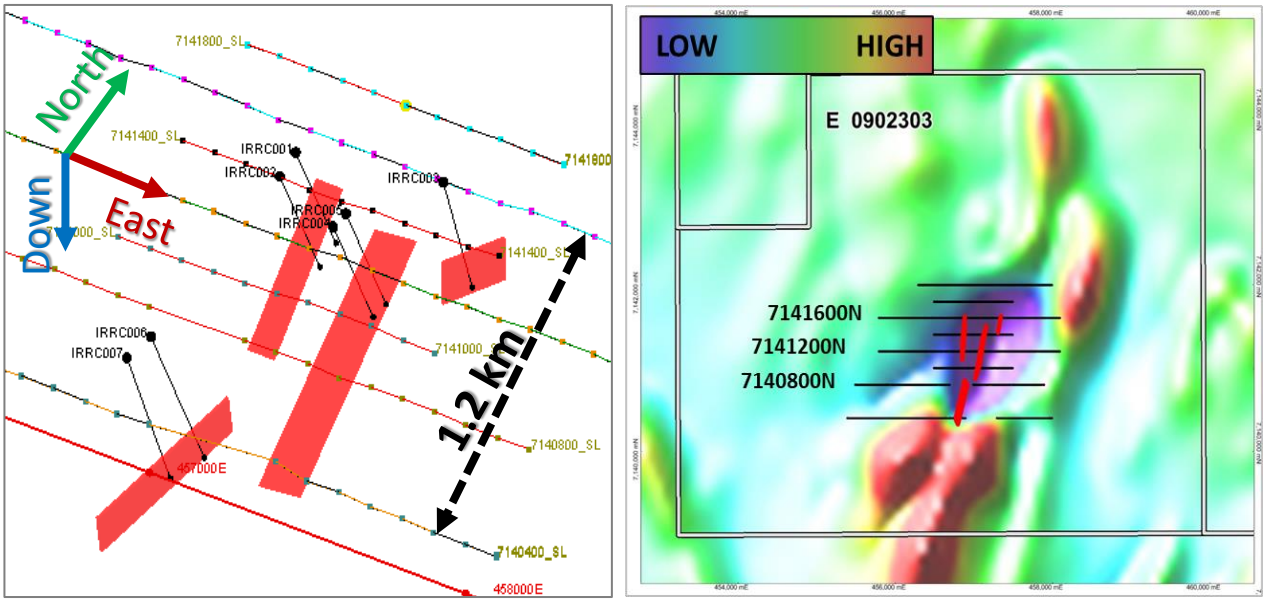


Figure 7: Magnetic image and modelled EM targets at Irrida Hill.

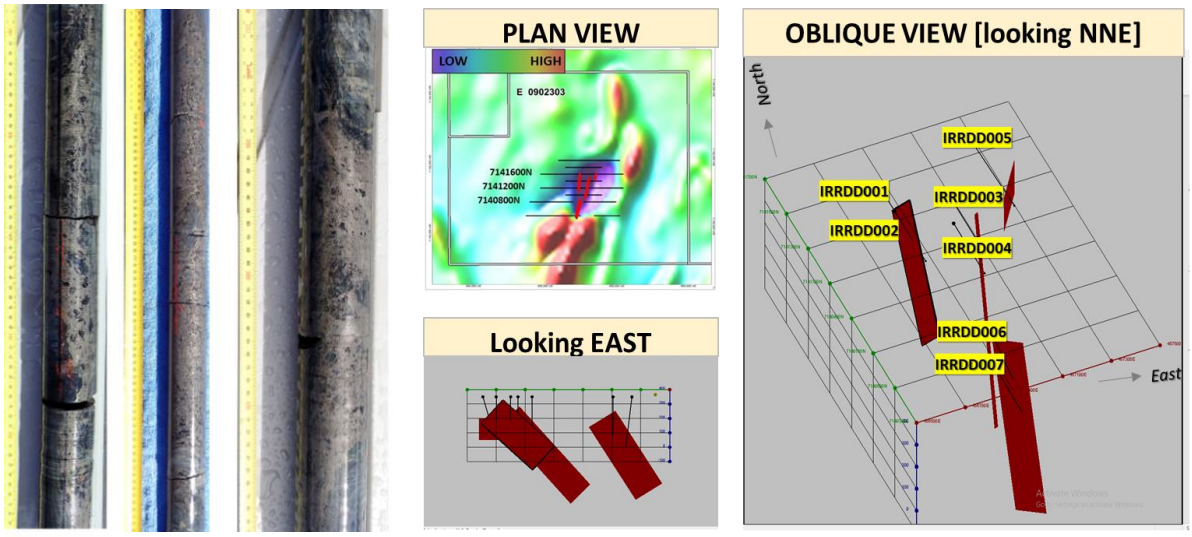
RIGHT: RTP Magnetic Image with EM survey lines and modelled plates [red]
LEFT: Oblique view [looking northwest] showing the modelled conductors and planned drill holes.

Irrida Hill – Drilling program ongoing after quarter end

The first holes into two modelled EM conductive plates at Irrida Hill have both intersected several widths (ranging from 10cm to 1m) of semi-massive to massive pyrrhotite with trace copper and nickel sulphide (Holes IRRDD002 and IRRDD004 on Figures 1 and 2). IRRDD004 intersected a much larger zone (9.5m downhole) of intensely talc altered zone with semi-massive sulphide at 260m. The modelled downhole depth of intersection for this plate was 268m.

These conductors were first identified by the Company's ground EM program last year and confirmed by regional helicopter data collected in February this year. These intersections confirm the effectiveness of the Company's methodology in being able to detect, define and pinpoint rare occurrences of new massive sulphide mineralisation over the Narryer Terrane. Both of the Company's projects to date and all 5 holes drilled by Desert have intersected at least some massive sulphide and associated mafic-ultramafic rock, two key requirements for a deposit of the Ni-Cu-PGE Intrusive type.

The drilling program at Irrida is continuing.



a) b) c) d)

Figure 8: Irrida Hill drilling a) Sulphide core from 162m IRRDD002 b) IRRDD004, 222m c) IRRDD002, 163m d) Section, plan and oblique view of Irrida Hill EM plate modelling.

Corporate

On the 7th July 2021 Mr Keith Murray was appointed as an independent Non-Executive Director of the Company.

Mr Murray is a Chartered Accountant with extensive knowledge and experience built up over 40 years at General Manager level in audit, accounting, tax, finance, treasury and corporate governance. Mr Murray's experience in mining extends to the 1990's during which time he was Group Accounting Manager Corporate and Taxation, and joint Company Secretary for Eltin Limited, a leading Australian based international mining services company. Mr Murray is currently General Manager Corporate and Company Secretary for Heytesbury, the privately owned Holmes à Court family company group in Western Australia.

Payment to Related Parties

The Company advises that payment to related parties of $222,186 included Director fees, legal fees, CEO and executive management fees and geophysical interpretation costs.

Summary of Exploration Expenditure

In accordance with ASX listing Rule 5.3.1 the company advises the cash outflows on its mining exploration activities reported in 1.2(a) of its Appendix 5B for the June 2021 quarter are as follows;

Exploration: $865,786

Finance and Use of Funds

Pursuant to ASX listing rule 5.3.4, the Company provides a comparison of its actual expenditure against the estimated expenditure on items set out in section 5.5 of the Company's Prospectus;

Activity Description	Funds Allocated	Actual to Date
Exploration (2 years)	$4,774,202	$1,733,247
Administration (2 years)	$1,000,000	$296,295
Expenses of the Offer	$494,148	$557,435

Authorised by the Board of Desert Metals Limited.

For further details please contact:

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Managing Director
Phone: +61 (8) 6458 4200

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

Competent Person Statement

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

Corporate Information

Joint Company Secretaries
Paul Heatley & Johnathon Busing

Forward shareholder enquiries to
Automic Group
Tel: 1300 288 664
Web: investor.automic.com.au

Issued Capital
As at the date of this report the total fully paid ordinary shares on issue were 55,000,000

Tenement Information

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

TENID	TYPE	TENSTATUS	Ownership	HOLDER
E 0902303	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 0902330	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 0902331	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 0902351	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 5101901	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 5101907	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 5203650	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 5203665	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 5203741	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED