

## ASX RELEASE 4 MAY 2021

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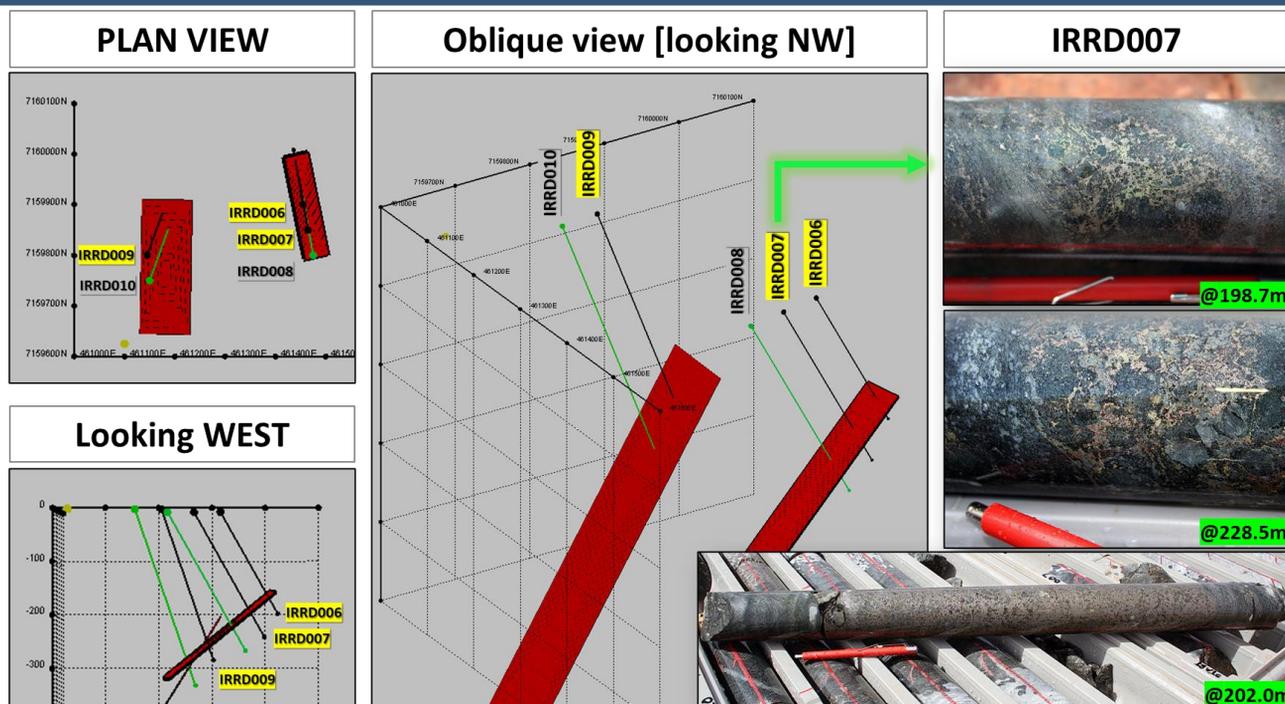


## Innouendy Drilling Update – Visual results Magmatic Massive Sulphides Intersected



Figure 1 Samples of sulphide intersections at Innouendy

- **Two holes completed** – First of two conductors tested at Innouendy confirmed as magmatic sulphides in mafic intrusive rocks.
- **IRR006** intersected ~22m of disseminated to networked pyrrhotite with minor disseminated chalcopyrite.
- **IRR007** intersected a ~5m zone (198-203m) of disseminated, networked and narrow zones of massive pyrrhotite with traces of chalcopyrite. Network textured chalcopyrite and pentlandite were also identified at 228.5m over 15cm (visual logging + handheld XRF analysis).
- Sulphide intersections are validation for the intrusive Ni-Cu-PGE exploration model in this terrane. Desert Metals believes these to be the first ever intersections of magmatic massive sulphides anywhere in the Narryer camp.



**Figure 2**

Drilling at the Innouendy project. **Top LEFT [Plan view]:** the location of the current [annotated in yellow] and planned [annotated in grey] drill holes targeting EM conductors. The modelled plates are shown in red. The trace of the holes that have been drilled are coloured black and the trace of the holes yet to be drilled are shown in green. Holes IRRD006 and IRRD007 are complete. Hole IRRD009 is in progress. **Bottom LEFT:** the same data [drill traces and EM plates] and colour scheme as above, this time looking WEST. **CENTRE:** the same data as above, this time with an oblique view looking to the north-west. The green arrow linking the collar of hole IRRD007 to the photos on the right is highlighting which hole the photos correspond to. **RIGHT:** Selected whole core photos from IRRD007. Top photo at 198.7m depth is network textured chalcopyrite. Middle photo at 228.5m is network textured chalcopyrite-pyrrhotite and probable pentlandite (based on nickel values in handheld XRF analysis). Bottom photo at 202.0m is 40cm of massive pyrrhotite.

Desert Metals Limited (“Desert” or the “Company”) is pleased to announce encouraging results from the first two holes of its 13 hole drilling program. Magmatic sulphides have been intersected in mafic intrusive rock in the first of 2 targets at Innouendy.

In its initial drilling campaign, the Company has targeted six conductive plates at two prospects 20 km apart (two at Innouendy and four at Irrida Hill, see ASX release 12<sup>th</sup> April 2021). 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, confirms the applicability of the exploration model, and upgrades the prospectivity of Desert’s entire license package over the North-western Craton margin (> 1600 sqkm).

Hole 1 (IRR006) 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 (IRRD007) 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. Down hole 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.

Drillhole INDD008 is currently at approximately 150m and designed to test the western Innouendy plate (Figure 2). This plate is modelled to be deeper, larger and more conductive than the eastern one. The drill hole is interpreted to intersect the plate at approximately 260-280m.

After testing both plates at Innouendy the drill rig will move 20km south to test the four conductive plates at Irrida Hill where RC pre-collars have been drilled.

A ground EM crew will be arriving on site in the second week of May to follow up on 6-12 anomalies identified from the Airborne survey flown in February. The helicopter EM crew will return in late May to fly the Company's eastern licenses from which further conductors may be prioritised for ground follow up and drilling.

Managing Director Dr Rob Stuart commented "These visual results from our first ever drill holes are extremely encouraging. Several years ago the Company staked ground on the hypothesis that the Narryer Terrane was prospective for intrusive Ni-Cu-PGE deposits. The intersection of magmatic massive sulphides in intrusive rocks validates the exploration model and the Company's methodology. While we are, of course, awaiting assays, these results have us excited about the potential for the rest of the winter work program, our drilling campaign and the Narryer Terrane in general."

Authorised by the Board of Desert Metals Limited.

**Rob Stuart**

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Director

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**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 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 Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and 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.*

# JORC Code, 2012 Edition – Table 1

## Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>• Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>• Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>• In cases where 'industry standard' work has been done this would be relatively simple (eg '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 (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>• Full core samples have been analyzed by handheld XRF only. Field instrument is a Bruker S1 Titan portable XRF</li> <li>• Samples are yet to be analyzed by laboratory analysis.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).</li> </ul>	<ul style="list-style-type: none"> <li>• IRRD006 Reverse circulation pre-collar to 160m. NQ diamond drilling (47.6mm) to end of hole at 244.5m</li> <li>• IRRD007 Reverse circulation pre-collar to 120m. NQ diamond drilling (47.6mm) to end of hole at 271m</li> <li>• Drill collars are surveyed using hand-held GPS (+/- 2 metres horizontal accuracy). Oriented with compass and inclinometer. Holes surveyed with downhole gyroscope.</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>• Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>• Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Core recoveries are measured for every drill run</li> <li>• Appropriate measures are taken to maximise recovery and ensure representative nature of the samples. This includes diamond core being reconstructed for orientation, metre marking and reconciled against core block markers</li> </ul>

Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>• The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>• All drill holes are logged in their entirety. Qualitative descriptions of mineralogy, mineralization, weathering, lithology, colour and other features are recorded and photographed for each sample.</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>• If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>• If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>• 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.</li> <li>• Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>• The core is yet to be cut for laboratory sampling. Diamond core will be cut in half and sampled over intervals of 1 metre or less.</li> <li>• Duplicates, blanks and standards will be submitted for analysis for quality assurance and control.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>• Samples are yet to be prepared or assayed.</li> <li>• Duplicates, blanks and standards will be submitted for analysis for quality assurance and control.</li> <li>• Full QAQC system in place to determine accuracy and precision of assays</li> <li>• The sample sizes are considered to be appropriate to correctly represent the explored for mineralisation style</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>• The verification of significant intersections by either independent or alternative company personnel.</li> <li>• The use of twinned holes.</li> <li>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>• Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>• The Desert Metals Exploration Manager has personally inspected all core.</li> <li>• No assay data is reported</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations</li> </ul>	<ul style="list-style-type: none"> <li>• Drill hole collar locations were recorded using handheld GPS. Elevation values were in AHD RL and values recorded within the</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p><i>used in Mineral Resource estimation.</i></p> <ul style="list-style-type: none"> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	<p>database. Expected accuracy is + or – 2 m for easting, northing and 10m for elevation coordinates. Downhole surveys using an Axis north-seeking gyro with readings at surface and then approximately every 3m downhole.</p> <ul style="list-style-type: none"> <li>• The grid system is MGA_GDA94 (zone 50), local easting and northing are in MGA.</li> <li>• Topographic surface uses handheld GPS elevation data, which is adequate at the current stage of the project</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drilling to date has been on individual drill holes into a specific target.</li> <li>• Data spacing and distribution is not sufficient at this stage to allow the estimation of mineral resources.</li> <li>• No sampling has been done at this stage</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient information to determine at this time.</li> <li>• The orientation of drilling is broadly orthogonal to the modelled conductive plates.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Samples are yet to be taken</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No audits or reviews have been conducted at this stage.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Surveys were conducted within DM1 100% owned Exploration License E9/2330</li> <li>• All tenements are in good standing with DMIRS. DM1 is unaware of any impediments for exploration on these licenses</li> </ul>

Criteria	JORC Code explanation	Commentary																		
Exploration done by other parties	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>The tenement has had very limited published or open file exploration work for magmatic nickel-copper-sulphide type deposits.</li> <li>Limited exploration undertaken to date by past explorers was mostly focused on iron ore, and, to a lesser extent, gold.</li> <li>The main exploration that is relevant to Desert Metals was conducted by Aurora Minerals Ltd and is described in the prospectus downloadable from the company's website</li> </ul>																		
Geology	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>Mineralisation anticipated to be related to mantle-derived intrusives intersected by trending linear structures.</li> </ul>																		
Drill hole Information	<ul style="list-style-type: none"> <li>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"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>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.</li> </ul>	<table border="1"> <thead> <tr> <th>Drillhole</th> <th>Easting</th> <th>Northing</th> <th>Azimuth</th> <th>Dip</th> <th>Depth</th> </tr> </thead> <tbody> <tr> <td>INDD006</td> <td>461455</td> <td>7159900</td> <td>350</td> <td>60</td> <td>244.5</td> </tr> <tr> <td>INDD007</td> <td>461465</td> <td>7159850</td> <td>350</td> <td>60</td> <td>271</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li></li> </ul>	Drillhole	Easting	Northing	Azimuth	Dip	Depth	INDD006	461455	7159900	350	60	244.5	INDD007	461465	7159850	350	60	271
Drillhole	Easting	Northing	Azimuth	Dip	Depth															
INDD006	461455	7159900	350	60	244.5															
INDD007	461465	7159850	350	60	271															
Data aggregation methods	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>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.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>No assay results are reported</li> </ul>																		
Relationship between mineralisation	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole</li> </ul>	<ul style="list-style-type: none"> <li>No relationship between the drilling and target sulphide mineralisation has been determined to date. Any reported intervals are "down hole" lengths</li> </ul>																		

Criteria	JORC Code explanation	Commentary
<i>widths and intercept lengths</i>	<p><i>angle is known, its nature should be reported.</i></p> <ul style="list-style-type: none"> <li><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></li> </ul>	
<i>Diagrams</i>	<ul style="list-style-type: none"> <li><i>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 drill hole collar locations and appropriate sectional views.</i></li> </ul>	<ul style="list-style-type: none"> <li>Refer to Figures in body of text</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>All results considered significant are reported.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>All known and relevant data has been reported</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<ul style="list-style-type: none"> <li>DHEM of drill holes is planned. A full review of the results to date will be undertaken (once assay results have been received) prior to any future programs being planned.</li> </ul>