

## Quarterly Activities Report – Quarter ended 31 December 2021

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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### Highlights

- **After the Reporting Period - Sulphide Mineralisation intersected at Belele.**
- **Innouendy – Platinum Group Elements (PGEs) detected in soil sampling program.**
- **Field component of regional soil sampling program complete. 3448 samples collected.**
- **Heritage surveys completed at Dingo Pass, Belele and Innouendy.**
- **Results received and preliminary interpretation of soil sampling from eastern licenses.**

Desert Metals Limited (“Desert Metals” or the “Company”) is pleased to provide the following report on its activities for the quarter ended 31 December 2021.

### Events After the Reporting Period - Sulphide Mineralisation intersected at Belele

On 27 January 2022 the Company announced that its reverse circulation drilling program at Belele has intersected a zone of 5-15% pyrrhotite-pyrite- (+/- trace chalcopyrite) mineralisation in multiple holes. The sulphidic zone is coincident with strong to intense potassic alteration and shearing, indicative of an orogenic gold system. The maximum down-hole width of mineralisation was approximately 80m within hole RCB003, with the hole ending in mineralization at 250m (the depth limit of the current rig). The results are preliminary in nature as no drill samples have been assayed, with results in this report coming from an observation of the samples by a suitably qualified and experienced geologist.

The Company is sending a batch of priority samples to the lab which, with further interpretation, will provide a preliminary indication as to whether these first holes have intersected any gold mineralisation (DM1 ASX release 27 January 2022).

## Innouendy Project

The Innouendy project was initially drilled in 2012 by a previous explorer attempting to intersect one of two conductors identified from airborne and ground EM data. Drilling intersected ultramafic intrusive rocks but no massive sulphides.

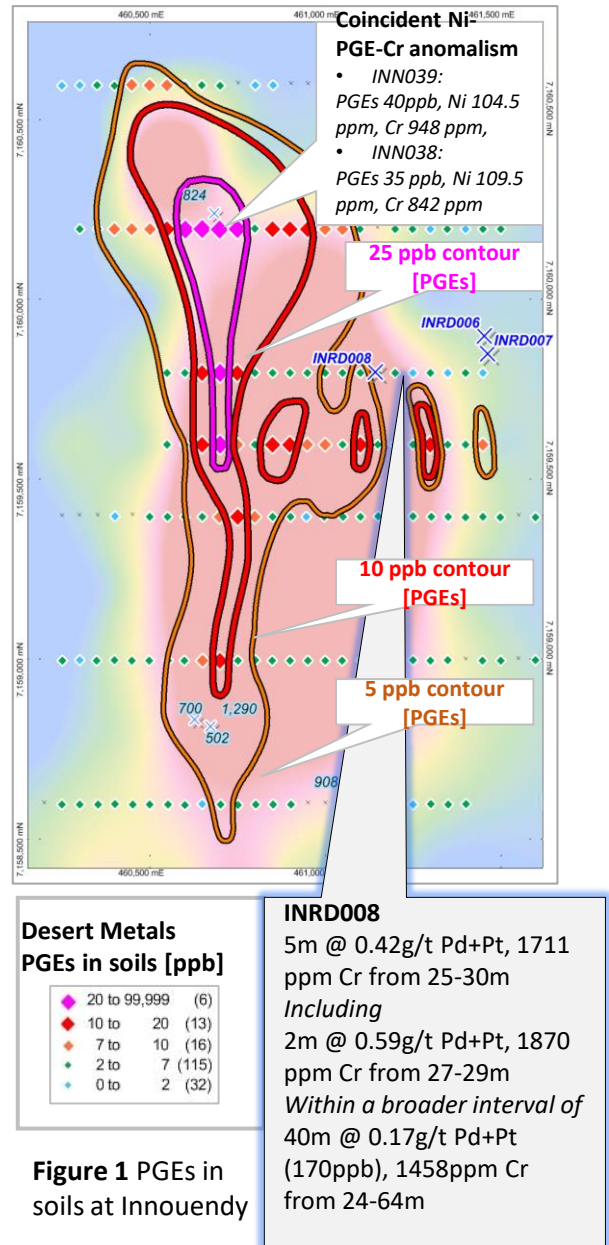
Three diamond holes were initially drilled by Desert Metals at Innouendy each of which intersected pyrrhotite dominated magmatic sulphides in mafic intrusive rock. Assays for the most western of these holes (INRD008) returned 40m of highly anomalous PGEs coincident with high Chrome (Cr) within a weathered ultramafic unit. Within the 40m zone a higher grade interval of 2m at 0.59g/t Pt+Pd and 1870ppm Cr was returned from 27-29m.

The high chrome coincident with the PGEs led the Company to re-rate the significance of a large (>2km strike length, up to 800m wide) chrome anomaly in historic soil geochemistry to the west of the drilling (Figure 1). The historic soil survey did not assay for PGEs.

Soil samples collected during the quarter over Innouendy have increased the dimensions and peak values of the PGE and chrome anomaly first intersected in INRD008. It is hypothesised that the chrome anomaly identified in soil sampling may define the extent of the geological unit elevated in chrome and PGEs. PGEs peaked at 0.59g/t in INRD008 over 2m and were anomalous over 40m.

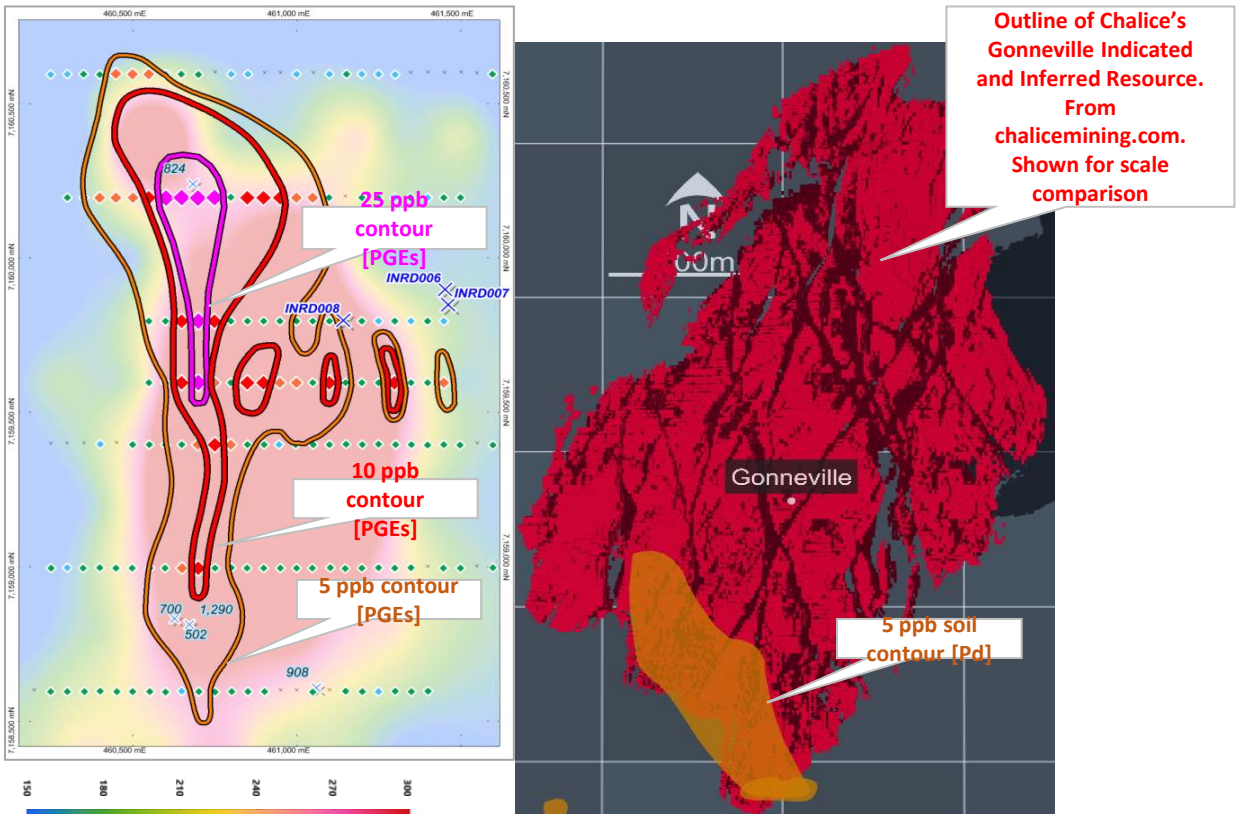
There is no significant soil anomaly directly over INRD008, however recent soil samples west of INRD008 peak up to 40ppb PGEs and the anomalous zone extends for over 1.5km. It is proposed the highest PGEs in fresh rock may be beneath these highest soil samples and therefore higher than those intersected in INRD008.

Desert Metals will test this target initially with Aircore drilling during January 2022.



**Figure 1** PGEs in soils at Innouendy

## Innouendy Project



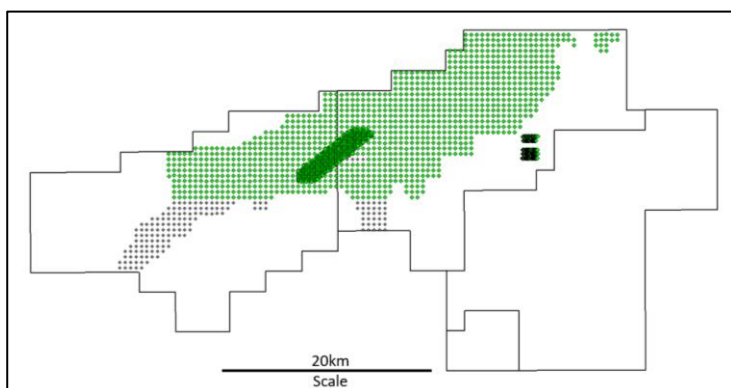
Base Image = Historic Aurora soils – Cr data gridded

**Figure 2** Innouendy size comparison with Gonneville.

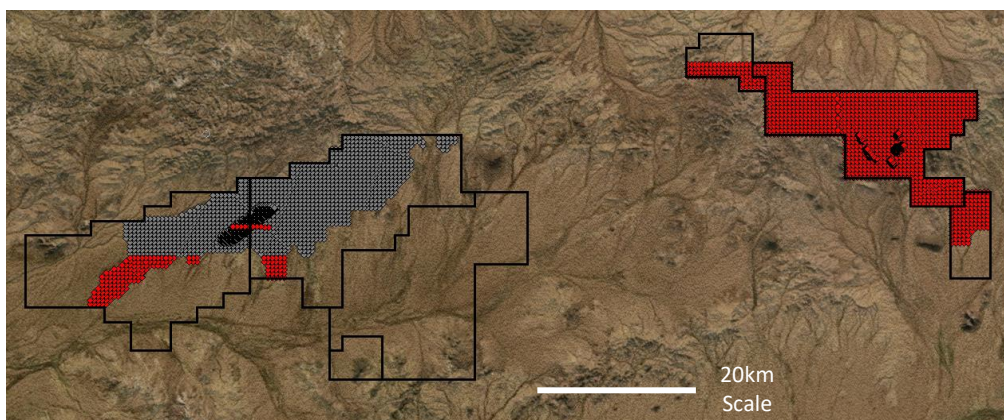
The recently announced Maiden Indicated and Inferred Mineral Resource Estimate over Chalice Mining’s Gonneville Deposit: (330Mt @ 0.94g/t Pd+Pt+Au. see chalicemining.com) provides an exciting comparison at this early stage of Innouendy exploration. Both projects sit on the important Craton Margin and consist of mafic and ultramafic intrusive rocks. The surface dimensions (as defined by the chrome anomaly at Innouendy and the Mineral Resource at Gonneville) are similar. The single hole so far drilled into the intrusion at Innouendy peaked at 0.59 g/t PGE whereas Gonneville averages 0.94 g/t over 330Mt. Soil samples over Innouendy would appear to be significantly higher in PGEs than at Gonneville. Desert Metals will drill fence lines of 24 holes across the Innouendy anomaly, which should reveal if consistent or higher grades of PGEs are present under the elevated soil anomaly. If the dimensions and grade returned from drilling are consistent with the ratio of soils to rock from INDD008 it would represent a very significant development for the project.

## Regional Soil Sampling

The Company began a regional soil sampling program during the September quarter of 2021. At the end of the September quarter 1620 samples had been collected. By the end of the December quarter a further 1828 samples had been collected and are being assayed for a suite of elements including Au, Ni, Cu and PGEs. The sampling program covered the Opal Bore, Innouendy, Breakaway, Dingo Pass and Mt Gould licenses. The field acquisition was completed during the December quarter and some results, mainly from the eastern licenses were received. The results from western licenses are expected early in the first quarter of 2022. The program is primarily targeting gold, after Desert Metals recognised the potential similarity between the geological setting of the Tropicana Gold Deposit on the southeast margin of the Yilgarn craton and the Opal Bore and Innouendy Prospects, which are situated along the northern edge of the Yilgarn Craton and the Errabiddy tectonic suture within the Gascoyne Complex.



**Figure 3** : Green - samples collected during the December quarter at Opal Bore and Innouendy

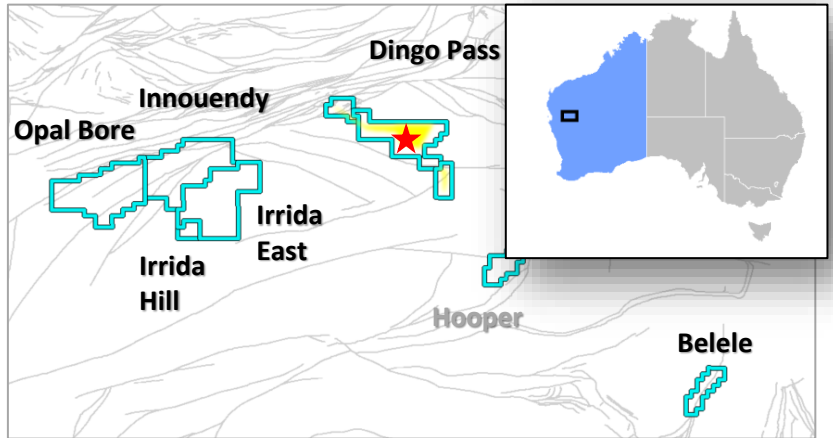


**Figure 4. Regional Soil sampling program**

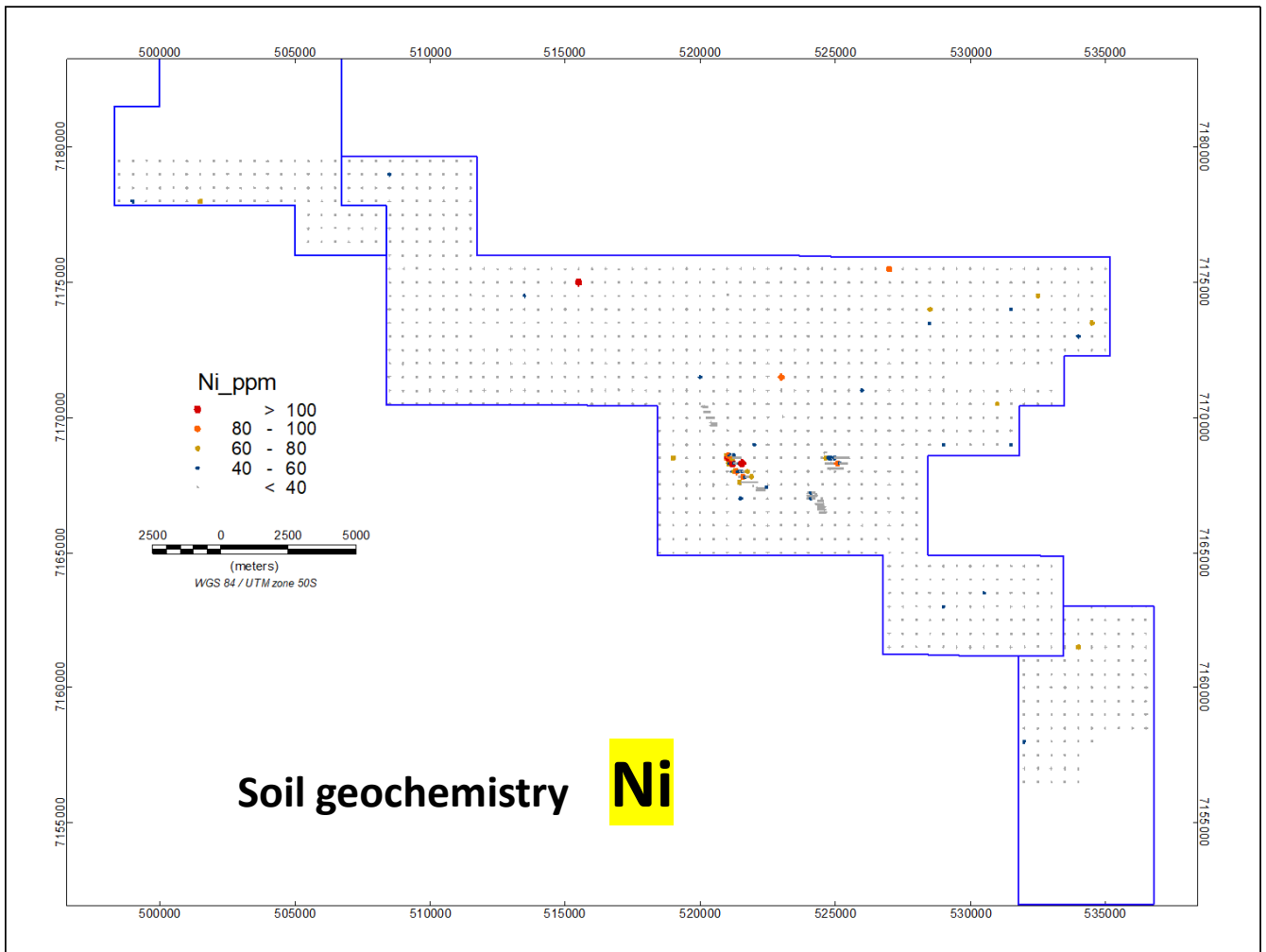
- Red - 1620 samples collected September quarter
- Grey - 1828 samples collected December quarter

## Regional Soil Sampling – Preliminary results from eastern licenses

- Soil geochemical survey across tenement [2021]
- Ni plotted here
- Elevated Ni over the *dome* conductors

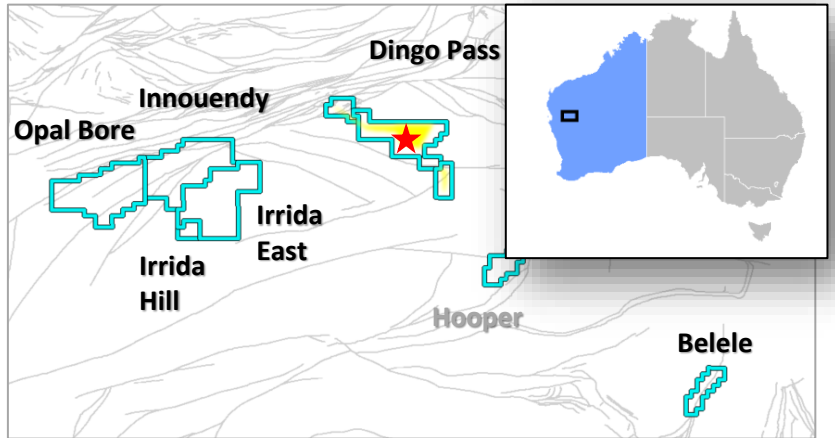


**Figure 5** : Soil geochemistry at Dingo Pass.

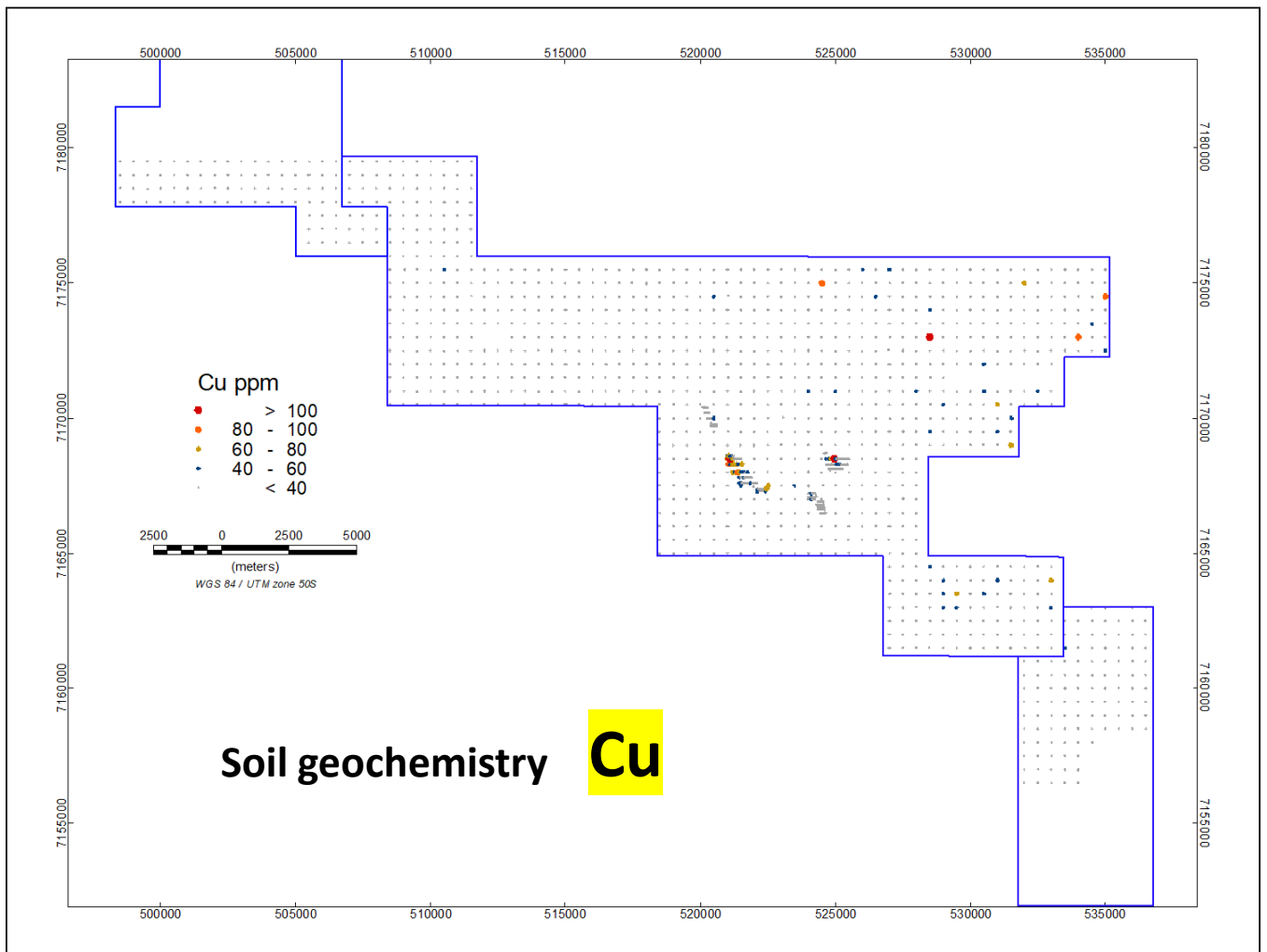


## Regional Soil Sampling – Preliminary results from eastern licenses

- Soil geochemical survey across tenement [2021]
- Cu plotted here
- Elevated Cu over the *dome* conductors

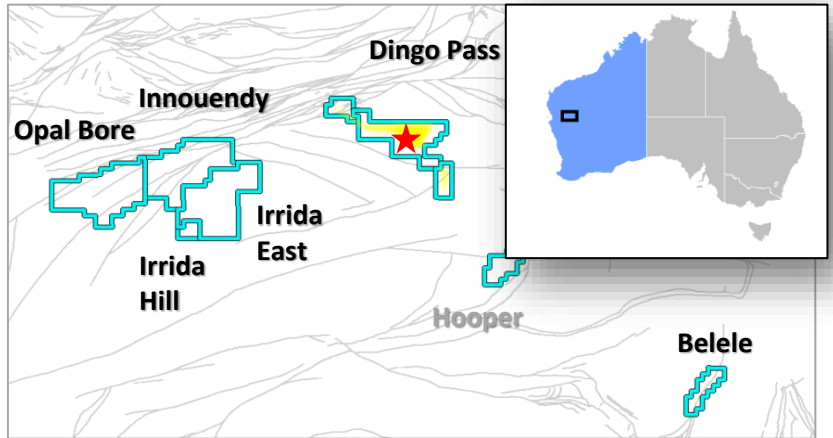


**Figure 6** : Soil geochemistry at Dingo Pass.

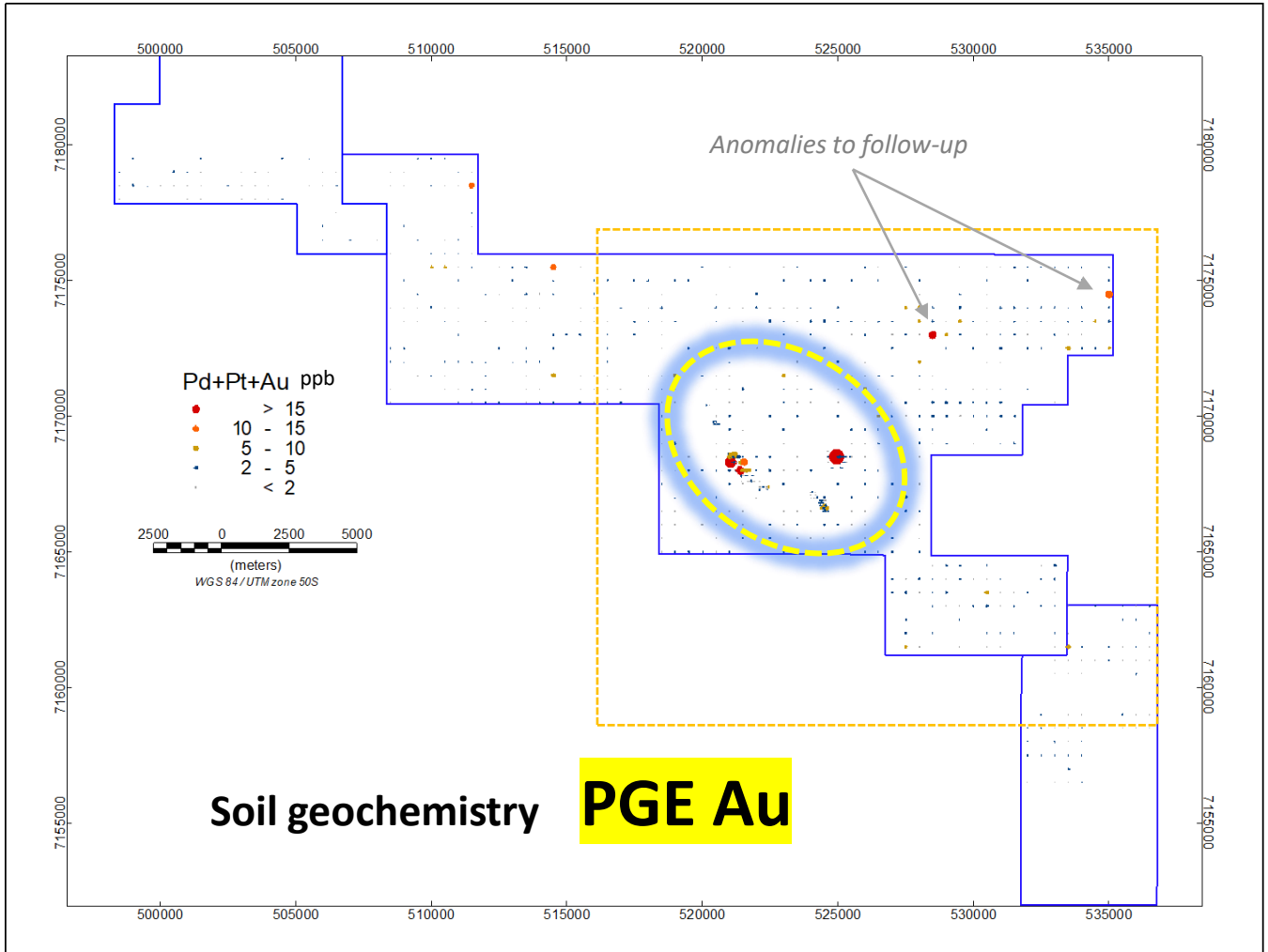


## Regional Soil Sampling – Preliminary results from eastern licenses

- Soil geochemical survey across tenement [2021]
- Cu plotted here
- Elevated Cu over the *dome* conductors

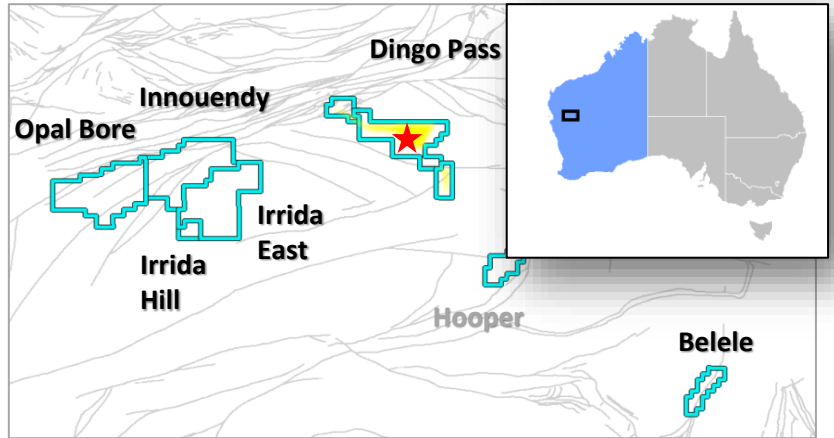


**Figure 7** : Soil geochemistry at Dingo Pass.

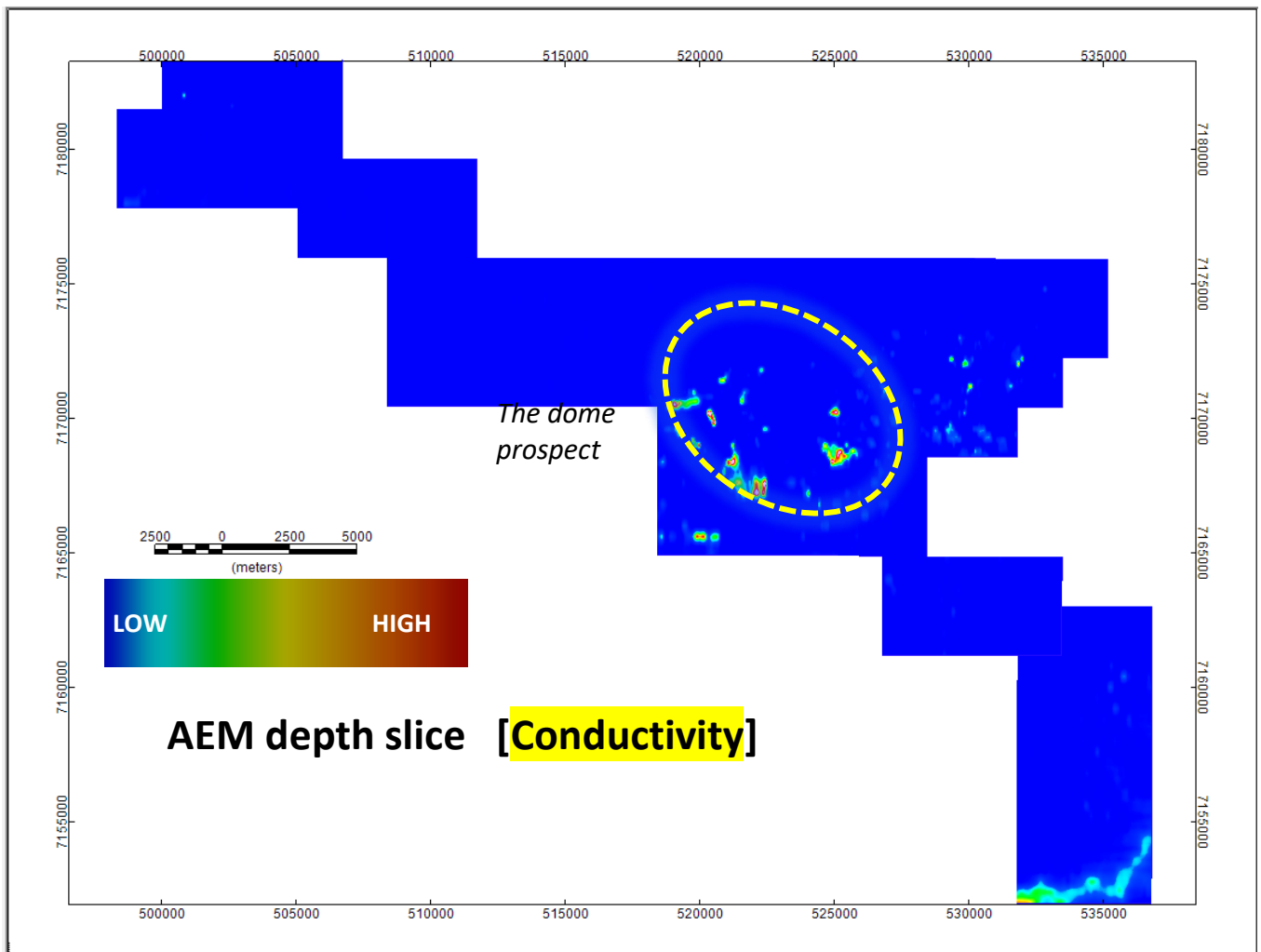


## Regional Soil Sampling – Preliminary results from eastern licenses

- AEM flown across tenement [2021]
- Cluster of high conductance targets around the *dome* prospect, all modelled and drill ready
- Depth slice through 3D model shown here



**Figure 8** : Airborne EM at Dingo Pass.

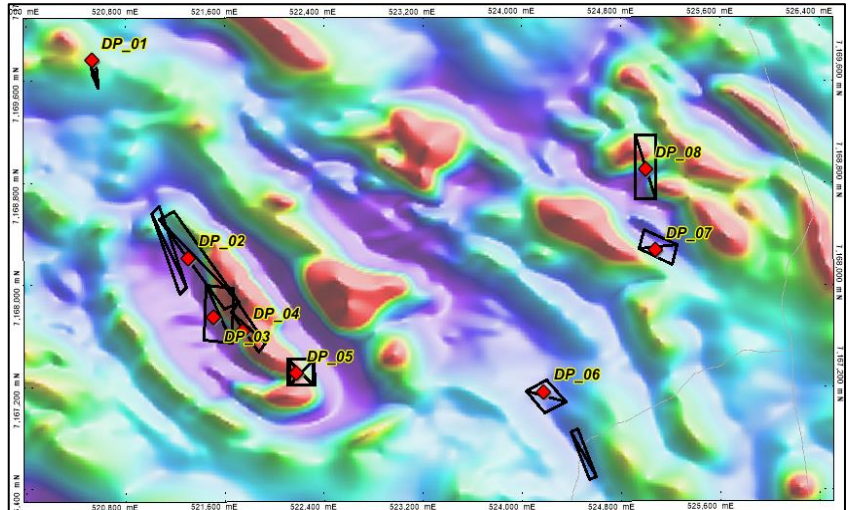




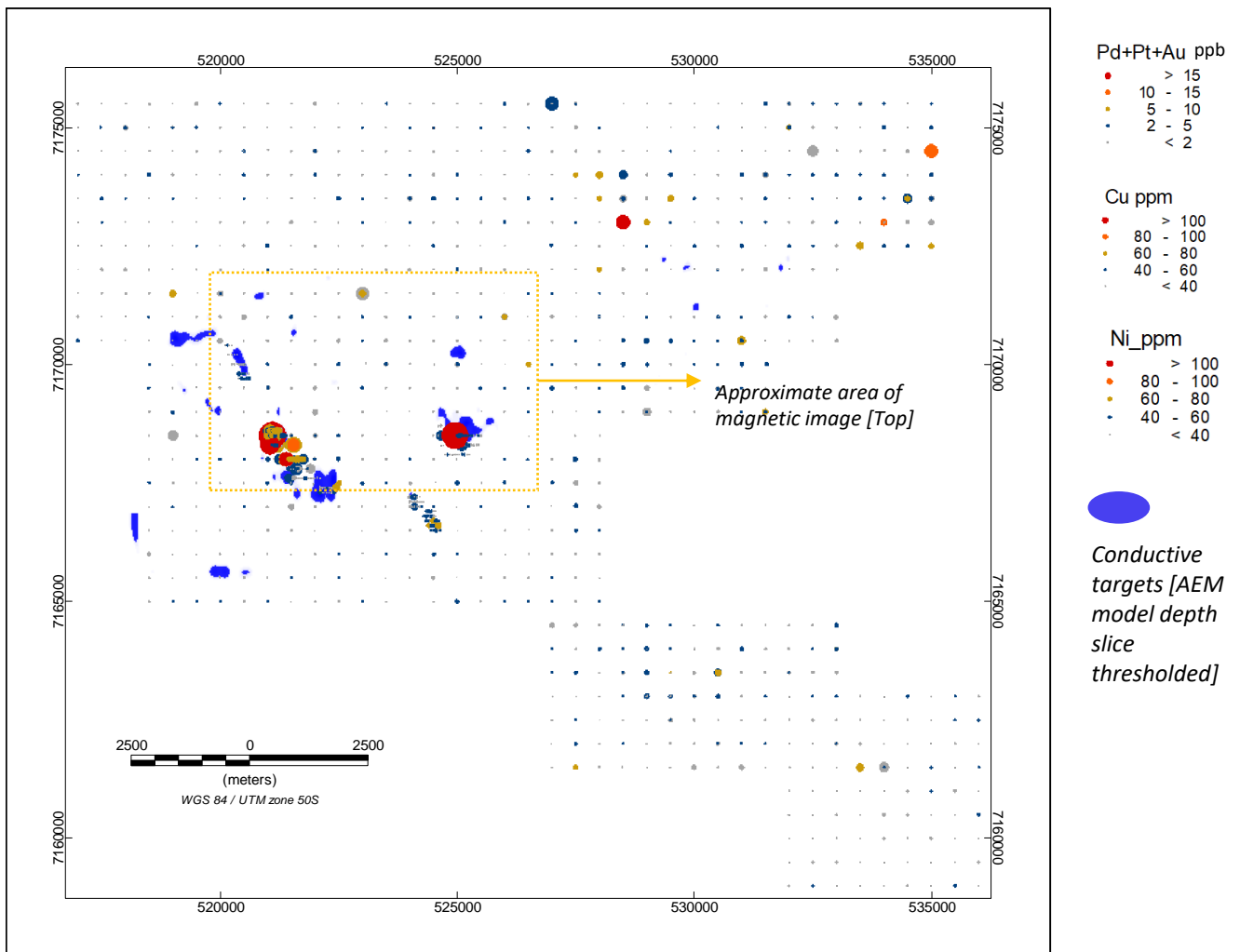
## Regional Soil Sampling

- AEM flown across tenement [2021]
- Cluster of high conductance targets coincident with Ni, Cu and PGE anomalism
- Depth slice through 3D model shown here

**Figure 9** : Soil geochemistry and EM at Dingo Pass.



Residual RTP magnetic image below EM modelled plates [projected to surface]. Collars of drill holes planned [subject to refinement] shown.



## Heritage Clearance and Drilling

The Company signed a Heritage Agreement with Wajarri Yamatji on 4 October 2021 for its Dingo Pass and Belele licenses and submitted a Heritage Notice for clearance of drill sites on the same date. Wajarri people have recently transitioned to Native Title holders and only in mid 2021 formed their body corporate through which agreements like the one with Desert Metals could be signed.

The agreement gives Wajarri Yamatji 60 days to complete the field component of any heritage survey and in December 2021 Traditional Owners and a Desert Metals Director completed the clearance of all proposed drill sites. Separately, a heritage survey was conducted over the new drill site areas at Innouendy and clearance received.

Rigs were scheduled for the New Year with drilling to start at both the Belele and Innouendy projects in January 2022. Drilling will begin at Dingo pass and the Dome shortly after.

### Payment to Related Parties

The Company advises that payment to related parties of \$226,556 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 the cash outflows on its mining exploration activities reported in 1.2(a) of its Appendix 5B for the December 2021 quarter are as follows:

Exploration: \$753,795

### 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:

<b>Activity Description</b>	<b>Funds Allocated</b>	<b>Actual to Date</b>
Exploration (2 years)	\$4,774,202	\$3,176,313
Administration (2 years)	\$1,000,000	\$482,455
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

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**Tony Worth**

Technical Director

Phone: +61 (8) 6458 4200

**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 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. 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](http://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