



ABN 84 617 947 172

# **ANNUAL REPORT**

**for the financial year ended  
30 June 2022**

## Corporate directory

### Board of Directors

Mr Mark Robert Stewart	Non-Executive Chairman
Dr Robert Angus Castle Stuart	Managing Director
Mr Antony William Worth	Technical Director
Mr Keith Charles Murray	Non-Executive Director (appointed 7 July 2021)

### Company Secretaries

Mr Paul Heatley  
Mr Johnathon Busing (resigned 4 July 2022)

### Registered and Principal Office

Level 3, 59 Parry Street  
Perth WA 6000  
Tel: +61 8 9758 1333  
Facsimile: +61 8 9758 1333

### Postal Address

PO Box 1253  
Dunsborough WA 6281

### Website

[www.desertmetals.com.au](http://www.desertmetals.com.au)

### Auditors

Hall Chadwick WA Audit Pty Ltd  
283 Rokeby Road  
Subiaco WA 6008  
Tel: +61 8 9426 0666

### Share Registry

Automatic Group  
Level 2, 267 St Georges Terrace  
Perth WA 6000  
Tel: +61 1300 288 664  
Tel: +61 2 9698 5414

### Stock Exchange

Australian Securities Exchange  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth, Western Australia 6000

### ASX Code

DM1

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## Directors' Report

The Directors present their report on Desert Metals Limited ("Desert Metals" or "the Company") for the financial year ended 30 June 2022.

### Directors

Unless otherwise indicated, the following persons were Directors of the Company during the entire financial year and up to the date of this report:

Mark Robert Stewart (Non-Executive Chairman)  
 Robert Angus Castle Stuart (Managing Director)  
 Antony William Worth (Technical Director)  
 Keith Charles Murray (Non-Executive Director) (appointed 7 July 2021)

### Board of Directors

The Company's Directors in office as at 30 June 2022 were:

Name	Particulars
<b>Mr Mark Robert Stewart</b> Experience	<p>Non-Executive Chairman, joined the Board on 15 April 2020. Mr Stewart has over 30 years of international legal and commercial experience, particularly in the resources industry, in Africa, Asia, North America and Australia.</p> <p>He worked as an in-house lawyer for Anglo American plc for over ten years. Mr Stewart has broad commercial experience in the junior mining and resources sector, having worked for junior listed resource companies from 2003 to 2010, including roles as a Non-Executive Director, Managing Director and Chairman of several ASX listed resource companies.</p> <p>Mr Stewart holds a Bachelor of Journalism majoring in Journalism and Law from Rhodes University (South Africa) and a Bachelor of Laws from the University of Cape Town (South Africa). He is a member of the Australian Institute of Company Directors.</p>
Directorships held in other listed entities (last 3 years)	Havilah Resources Ltd (Resigned 9 October 2019)
<b>Dr Robert Angus Castle Stuart</b> Experience	<p>Managing Director, joined the Board on 29 March 2017. Dr Stuart is a geoscientist who has worked in mineral exploration for the last 25 years. He has successfully explored for precious and base metals as well as bulk commodities in Australia, North America, Africa, the former Soviet Union and Asia. He has worked for listed junior explorers and major mining companies. Dr Stuart spent 5 years as Program Manager - Minerals Exploration at BHP Billiton where he managed regional exploration for Russia and Central Asia, exploring for copper, nickel and metallurgical coal. Prior to that he was Program Manager for near mine exploration at BHP Billiton / Nickel West in Western Australia.</p>
Directorships held in other listed entities (last 3 years)	Nil

**Mr Antony William Worth**

## Experience

Technical Director, joined the Board on 29 March 2017. Mr Worth is a geologist and business development consultant with 25 years' experience. He has worked in Australia, Africa, North America and South America on a wide range of commodities and deposit styles.

Mr Worth has a broad range of experience across all aspects of the minerals exploration industry, from target generation, exploration management and field programs implementation, through to commodity market analysis, joint venture negotiations and project acquisitions.

Directorships held in other listed entities (last 3 years)

Nil

**Mr Keith Charles Murray**

## Experience

Non-Executive Director, joined the Board on 7 July 2021. Mr Murray is a member of Chartered Accountants Australia and New Zealand 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.

Directorships held in other listed entities (last 3 years)

Siren Gold Ltd (current)  
Iceni Gold Ltd (current)

**Meetings of Directors**

Particulars of the number of meetings of the Company's Directors (including meetings of committees of Directors) during the financial year, and the number of those meetings attended by each Director (as applicable), are detailed in the table below.

Directors	Board meeting	
	Eligible to attend	Attended
Mark Robert Stewart	9	9
Robert Angus Castle Stuart	9	9
Antony William Worth	9	9
Keith Charles Murray	9	9

**Interests of Directors**

The following table sets out each director's relevant interests in shares and options of the Company or in any related body corporate as at the date of this report:

Directors	Fully paid ordinary shares Number	Share options Number
Mark Robert Stewart	200,000	1,600,000
Robert Angus Castle Stuart	10,360,000	3,900,000
Antony William Worth	5,200,000	1,500,000
Keith Charles Murray	250,000	800,000

## Company Secretaries

The following persons acted as Company Secretary of the Company during the financial year and up to the date of this report:

### Mr Paul Heatley

Mr Heatley is the founder and director of Halifax Advisory. He specialises in providing CFO, business management and corporate governance services to medium and large businesses.

Mr Heatley was previously a partner in a mid-sized accounting practice and has 20 years' experience in providing business advisory, taxation and company secretarial services to a range of large private and public unlisted companies.

He is a member of CPA Australia and holds a public practice certificate.

### Mr Johnathon Busing (resigned 4 July 2022)

Mr Busing is currently the founder and director of Everest Accounting. He specialises in advising ASX listed companies on compliance, mergers and acquisitions, consulting and statutory accounting requirements.

Mr Busing was a forensic accountant at RSM before joining Mining Corporate in 2011 and was responsible for the compliance and accounting requirements of ASX listed and unlisted entities. Mr Busing is the current company secretary for multiple ASX listed entities.

Mr Busing is a member of Chartered Accountants Australia and New Zealand and holds a public practice certificate.

## Indemnification of officers and auditors

### *Indemnification*

During or since the end of the financial year, the Company has paid the premiums in respect of a contract to insure Directors and other officers of the Company against liabilities incurred in the performance of their duties on behalf of the Company. The officers of the Company covered by the insurance policy include any natural person acting in the course of duties for the Company who is or was a Director, secretary or executive officer, as well as senior and executive staff.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

### *Insurance premiums*

During the financial year the Company has paid a premium of \$24,475 in respect of a contract to insure the directors and officers of the Company against any liability incurred in the course of their duties to the extent permitted by the Corporation Acts 2001.

## Dividends

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

## Options

### *Unissued shares under options*

Unlisted share options totalling 800,000 were issued to a Director of the Company during the financial year. The terms of these options are set out at Note 21 to the financial statements.

### *Shares issued on exercise of options*

None.

### **Proceedings on behalf of the Company**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 22.

### **Corporate governance**

The directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. The Company's Corporate Governance Statement and its compliance with ASX guidelines can be found on the Company's website at [www.desertmetals.com.au](http://www.desertmetals.com.au). The policies and compliance as stated were in place for the whole year and are current as at the date of this report.

The Company considers it is not of a sufficient size to establish an audit and risk committee, remuneration committee and nomination committee. Accordingly, there were no meetings held by these committees.

The Board currently carries out the duties that would ordinarily be assigned to these committees under the written terms of reference for that committee in its Corporate Governance Plan as published on its website.

As an Audit and Risk Committee has not been established, the processes the Board employs to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner, and the process it employs for overseeing the Company's risk management framework are carried out by the Board as a whole in accordance with Schedule 3 – Audit and Risk Committee Charter of the Company's Corporate Governance policy.

### **Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the Company during the financial year.

## Operating and financial Review

### Operating results

The comprehensive loss of the Company after tax for the year ended 30 June 2022 was \$567,262 (2021: \$1,200,451). Further discussions on the Company's operations are provided below:

### Review of operations

#### Exploration

During the year ended 30 June 2022 the Company has been successful in discovering new greenfields mineralisation across several different geological settings, project areas and commodity types. In particular:

- Rare earth elements discovery in shallow clays at Innouendy
- New laterite nickel mineralisation at Innouendy
- New PGE mineralisation at Innouendy
- Blind and under cover copper mineralisation at Belele
- Encouraging host rocks and multiple new nickel-copper-PGE targets at Dingo Pass

The Company is in a strong position to realise its goal of building sustainable shareholder value by advancing these and other projects through to discovery and definition of economic resources. The Company has the appropriate personnel to conduct risk appropriate and geo-scientifically sound exploration and ensure that shareholders' funds are deployed in a manner that both maximises the chance of discovery and does so in the shortest time possible.

During the year the Company was successful in winning an additional two Western Australian state government Exploration Incentive Scheme (EIS) grants, bringing the total funding provided by the scheme to the Company to \$480,000. Winning these grants makes a significant contribution to the drilling budget. Ultimately these funds allow the Company to test more targets without using shareholders' money and hence increase the odds of discovery. EIS is a competitive program which offers up to 50% of costs for exploration projects that can demonstrate an innovative, thorough, and geo-scientifically logical approach to targeting.

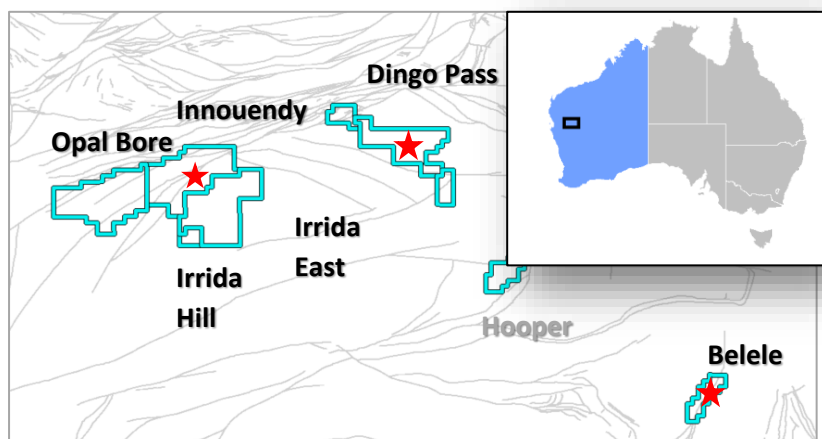


Figure 1 Location map of Company Projects

#### Innouendy Project

During the year exploration on the 100% owned Innouendy project has seen it develop into a multi-commodity interest. Work has identified highly anomalous nickel, chrome, Platinum Group Elements (PGEs), and Rare Earth Elements (REEs) which are currently being followed up with extensive aircore and RC drilling programs. It is already clear that the project area contains a much larger volume of mafic and ultramafic rock than was previously understood. The location of these rocks on the margin of the Yilgarn craton makes them highly prospective for economic concentrations of nickel, copper and PGEs. Thick clays that overlie both these mafic rocks and granitic intrusions are host to REEs in significant concentrations and over a large area. Samples currently at the lab from over 10,000m of drilling have assays pending that will define the direction of the upcoming programs.



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 that might explain the conductors.

Three diamond holes were drilled by Desert Metals in 2021, 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. Downhole EM (DHEM) was completed on holes INRD006 and INRD008 during the year.

These data suggested there remains an untested conductor approximately 40m to the east of hole INRD008. DHEM data from hole INRD006 also shows both holes INRD006 and INRD007 intersecting the outside edge of a larger conductive sheet. In this case it is believed the main conductor has been intersected and the conductor is explained.

In January 2022 a 49-hole, 1794m Aircore program was completed which was designed to test PGE anomalism to the base of weathering, as well as following up on a number of airborne EM anomalies (DM1 ASX announcement 26 February 2021). Most of the holes encountered mafic or ultramafic rock under cover and across a 10km wide zone suggesting a large volume of mafic/ultramafic rocks are present on the Craton margin in this part of the Narryer.

*New Nickel prospects*

Assay results from the aircore drilling revealed two highly prospective new nickel prospects. The Cattle Yard Prospect, which had first been targeted through airborne EM and a semi-coincident historical nickel intercept, returned 4m @ 1.76% in hole INAC036. This is believed to be the highest-grade nickel yet intersected by anyone in the Narryer Terrane. The mineralisation is coincident with anomalous cobalt and chrome and occurs within a broader zone of 32m @ 0.65% Ni extending to the end of hole at 47m. Holes across a section greater than 100m width ended in mineralisation which is open along strike, at depth and to the southeast. Nine follow-up RC holes on three traverses have been drilled to help define the extent of the shallow mineralisation and target a potential sulphide source. Assays are pending.

A second prospect, approximately 3km to the northeast of the Cattle Yard (Figures 2,3) intersected 4m @ 0.585% Ni from surface to EOH in fresh rock in hole INAC017. This traverse was targeting an inductive response in airborne EM data that appeared to be superimposed on a chargeable anomaly. Three follow-up RC holes have been drilled underneath this intersection and assays are pending.

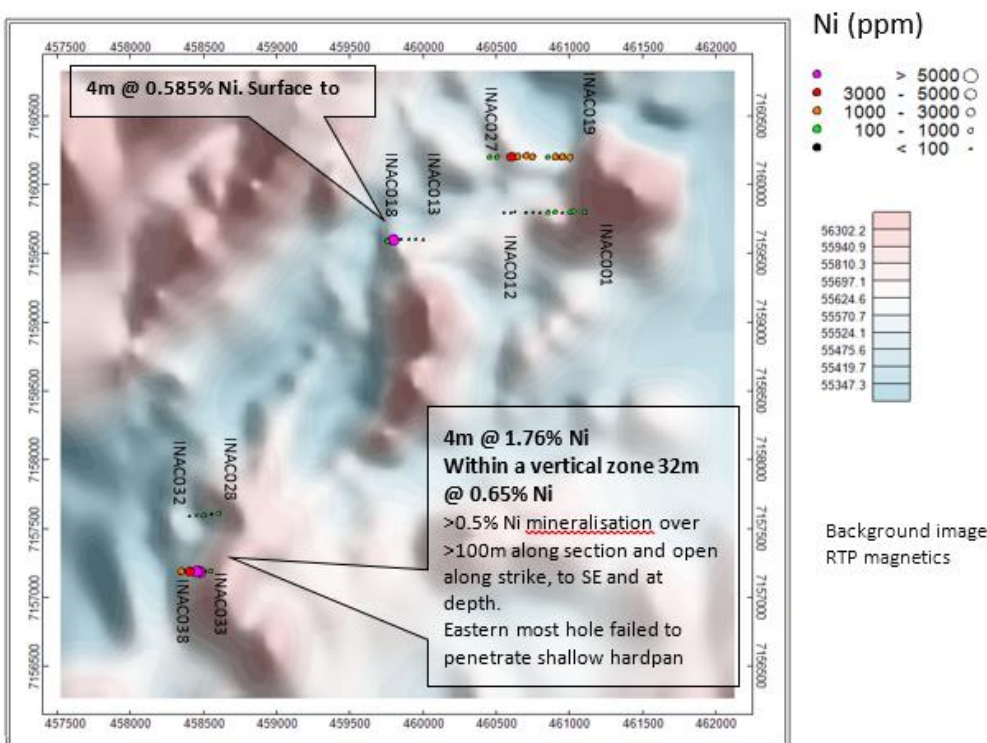
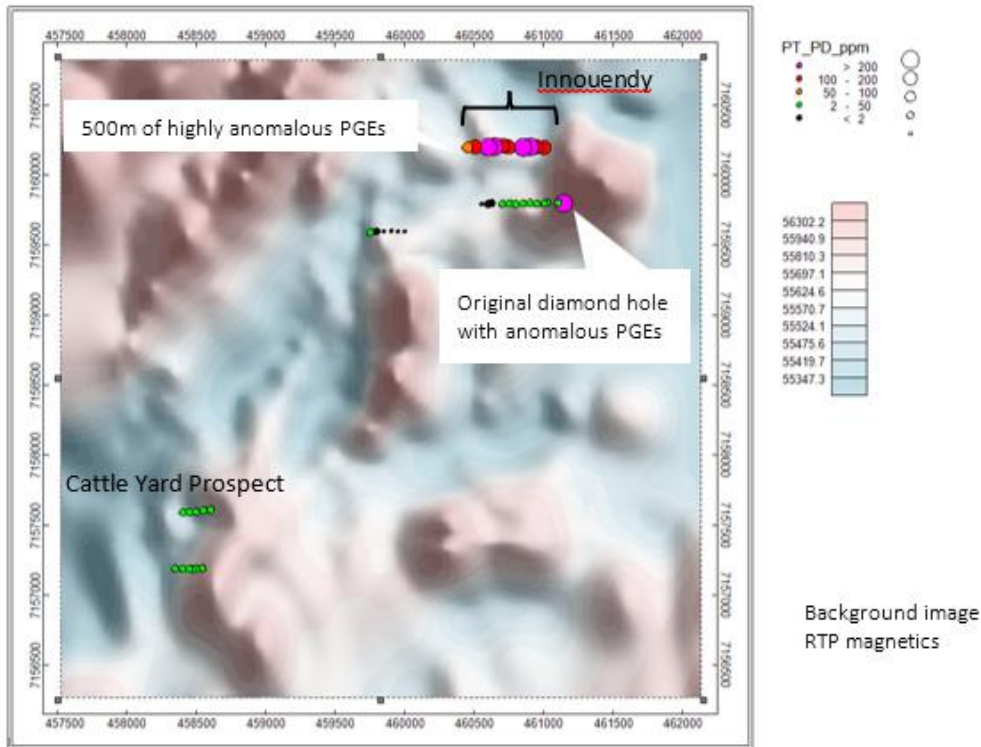


Figure 2. Maximum downhole Ni (ppm) over magnetics

### PGEs

The northern traverse of aircore drilling at Innouendy (holes INAC019 to INAC027, Figures 2 & 3) defined a section greater than 500m wide of highly anomalous PGE (Pt + Pd) within the regolith. Interestingly the southern line, closest to the original diamond hole which intersected anomalous PGEs, did not record significant intercepts. A second series of aircore traverses across this anomaly has been drilled to better define the extent and source of this highly anomalous zone. Assays are pending.



**Figure 3.** Maximum downhole PGE (Pt+Pd) (ppm) over RTP magnetics

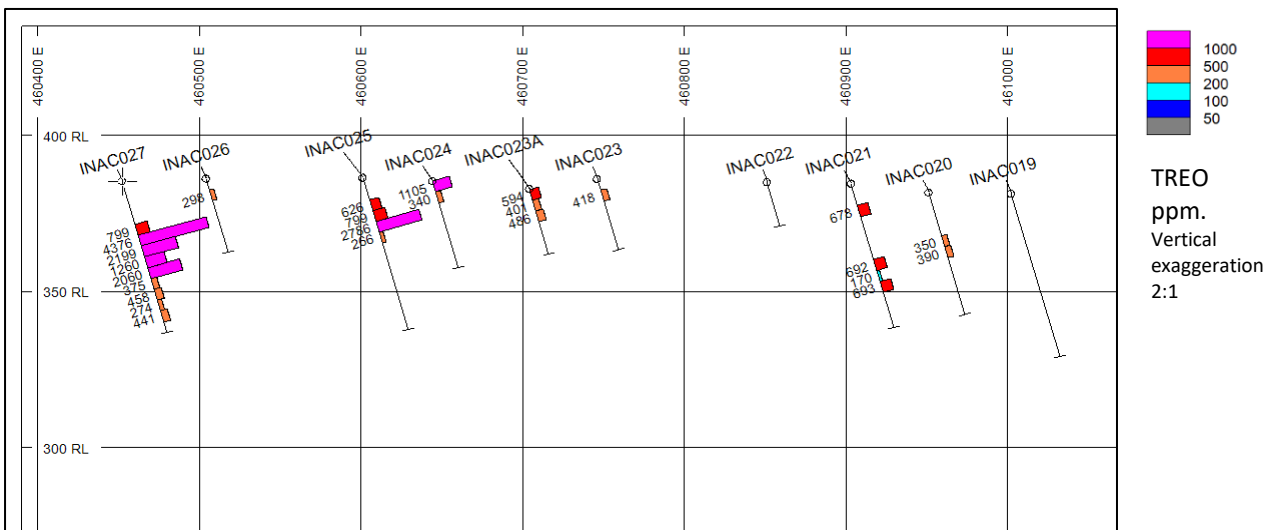
### Rare Earth Elements

In the initial 48-hole aircore drilling program designed to test for PGEs, rare earth element (REE) cerium (Ce) was analysed above maximum limits (>500ppm) in multiple samples across 10 holes in lateritic clays, associated with elevated lanthanum (La). A selection of these samples was submitted for further analysis and a more complete REE suite of elements to determine the presence of any heavy REE and the significance, if any, of these results. Analyses confirmed intercepts of REEs over 20m thick from near surface. Encouragingly, 8m thick intercepts of greater than 1100ppm Total Rare Earth Oxide (TREO) are still encountered at the Cattle Yard nickel prospect ~4km to the southwest suggesting potential for significant lateral extent to the clay hosted mineralisation.

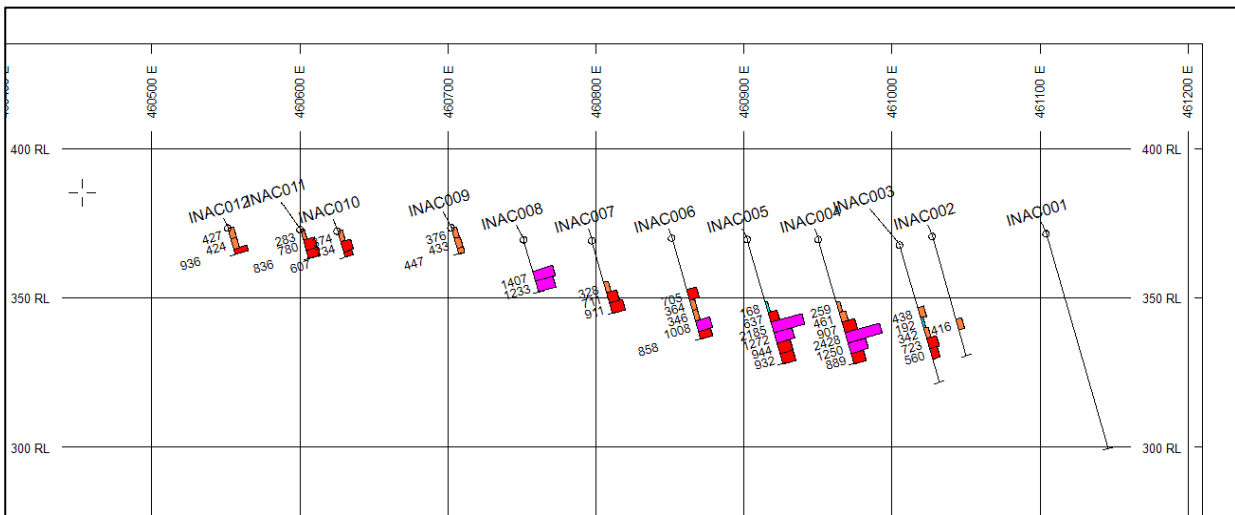
Metallurgical test work, by both lithium borate fusion and weak acid (Aqua Regia) digest, confirmed excellent recoveries and demonstrated the clay hosted rare earths are easily leachable. Recoveries were particularly good (>80%) for the high-grade zones of high value REEs (ASX:DM1 15 June 2022) and confirm the economic significance of the thick high-grade intersections.

After the year end reporting period an extensive follow up infill drilling program has been completed with approximately 10% of the assay results received and the early results being very encouraging. The aircore program has been planned with sufficiently close hole spacings to allow, if consistent grades and widths are intercepted, for the Company to work towards defining an inferred resource.

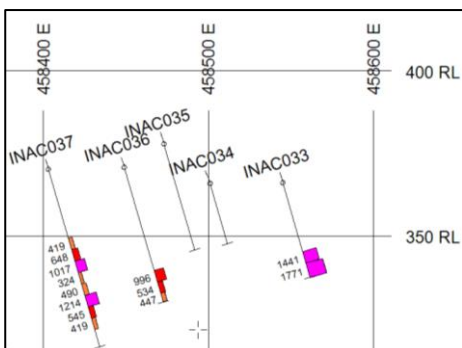
Section Line 7160200N TREO. Not all samples analysed.



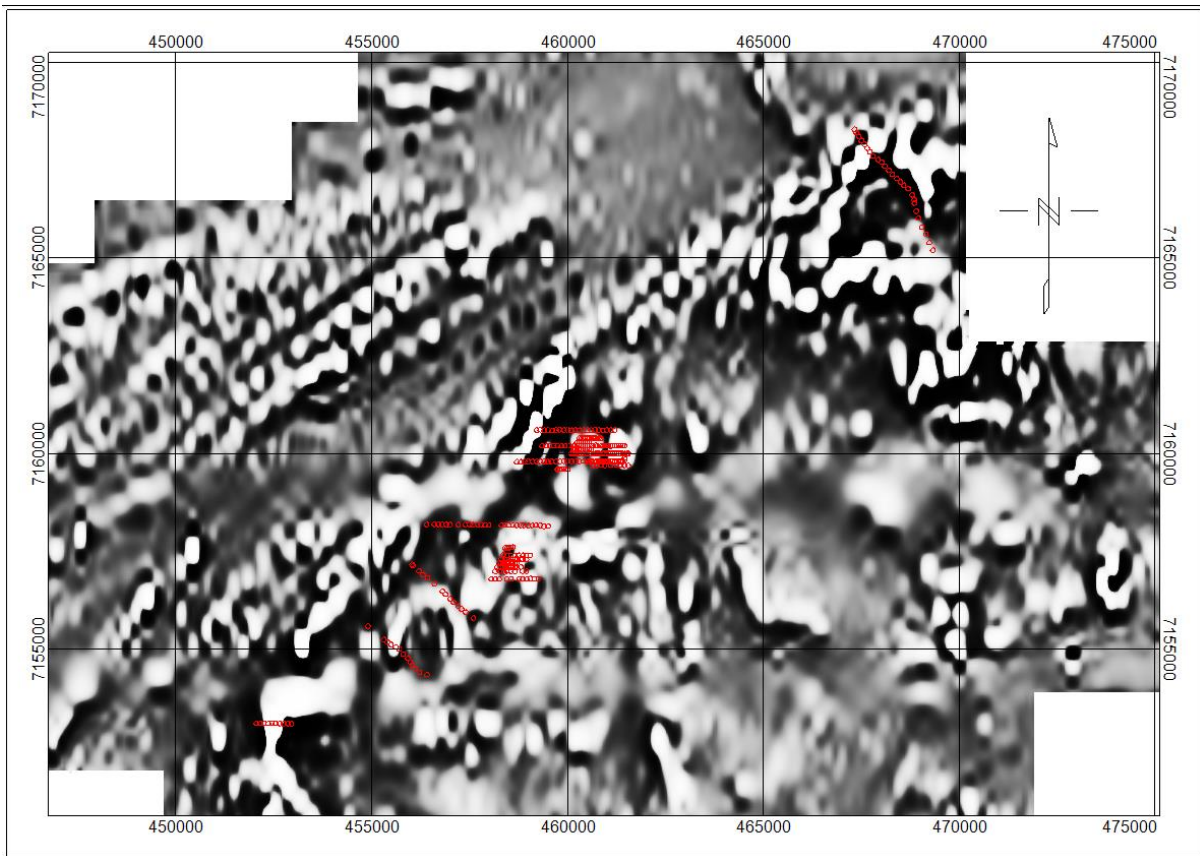
Section Line 71590800. TREO. Not all samples



Section Line 71590800. TREO. Not all samples analysed.



**Figure 4** Sections of TREO from aircore drilling at Innouendy. Only selected samples were analysed. These results are encouraging and confirm the thickness of mineralisation. The current infill drilling program at Innouendy will define whether the mineralisation has the lateral continuity to define a resource.



**Figure 5** Location of all drill collars at Innouendy. As of 20/09/2022 over 10,000m of assay results are pending. Background image 1VD RTP Magnetics

### **Irrida Hill Project**

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.

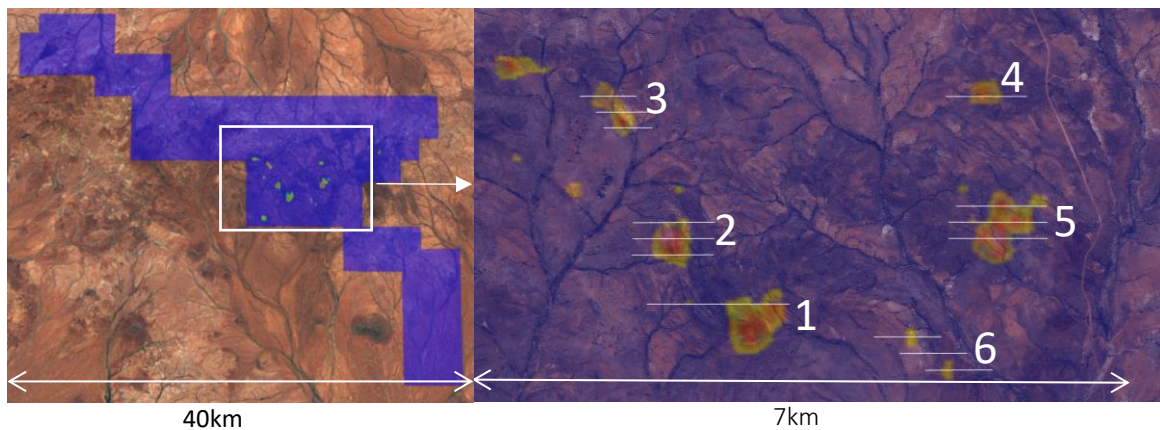
The first three holes into three modelled EM conductive plates at Irrida Hill all intersected several widths (ranging from 10cm to 1m) of semi-massive to massive pyrrhotite with trace copper and nickel sulphide (Holes IRRDD002, IRRDD004 and IRRDD005). The first two of these holes were completed last year and hole IRRDD005 was drilled in the first quarter of this reporting year.

IRRDD005 intersected metamorphosed mafic schist and mafic intrusive interlaced with banded iron formation. The sulphide mineralisation has been remobilised along the dominant foliation and consists of numerous zones of disseminated to network textured mineralisation that is similar to that intersected in the first two holes.

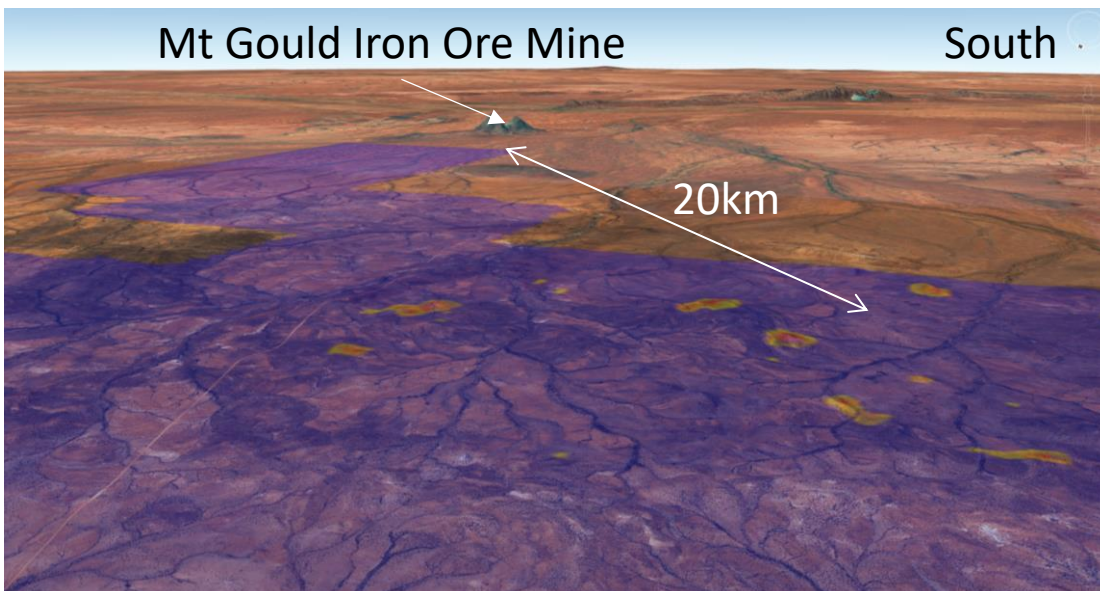
Downhole EM (DHEM) completed after drilling suggests a large sheet of sulphide mineralisation runs parallel to current drill holes and has not been completely tested by current drilling. Any further targeting at Irrida will be planned and prioritised along with the Company's other targets.

### **Dingo Pass Project**

The Dingo Pass license lies on the edge of the craton margin where Desert Metal's geologists have mapped outcropping mafic intrusive rocks. Airborne EM data acquired last year over the Company's eastern licenses revealed several conductive anomalies that were followed-up with multiple ground EM traverses and plate models made. Conductivities from these are modelled at up to 12,000 Siemens, which is very high.



**Figure 6** Conductivity from airborne EM over satellite imagery at Dingo Pass. White Lines – ground EM traverses



Regional geochemical data collected in the first half of the year showed that these conductors are coincident with nickel, copper and PGE anomalies in soils. Seven RC holes were drilled to test the strong bedrock conductors. In most cases the drilling did not intersect enough sulphide to explain the conductors. This means the targets are untested and still “live”. Downhole EM will now be used to better define the conductors’ location and guide follow-up drilling more precisely.

Several holes, particularly at the Dome and Komatiite prospects, did intersect metamorphosed mafic intrusions with traces of disseminated copper (Cu) and nickel (Ni) bearing sulphides, which provides encouragement that the conductors may be Ni-Cu massive sulphides.

Based on the drill results, the Company now infers that the targeted host intrusions have been deformed and metamorphosed. In other Ni provinces where this is the case, such as the Thomson Belt in Manitoba, Canada, the sulphides are often reworked into fold hinges and other structurally complex positions. This makes their associated conductance difficult to model and would explain the relative lack of success in intersecting the targeted conductors on the first pass.

The Dingo Pass program is being co-funded by the State Government Exploration Incentive Scheme (EIS) with a grant of \$150,000. The EIS directly supports explorers in Western Australia through a competitive program which offers co-funding to innovative exploration drilling projects.

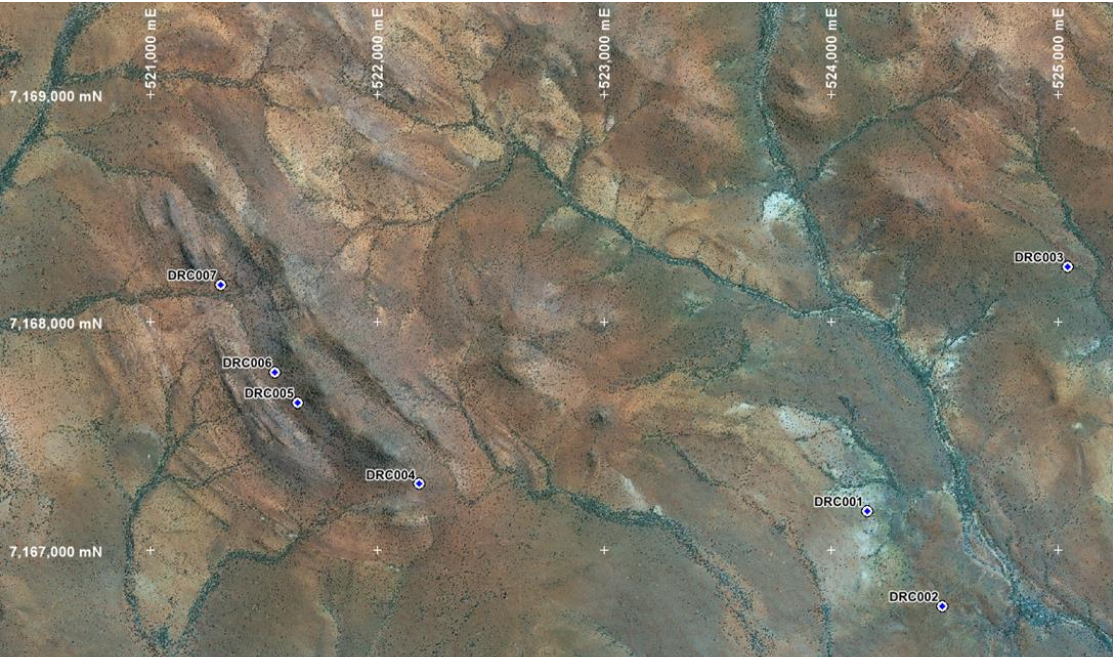


Figure 7 Dingo Pass Drill Hole Location Plan.

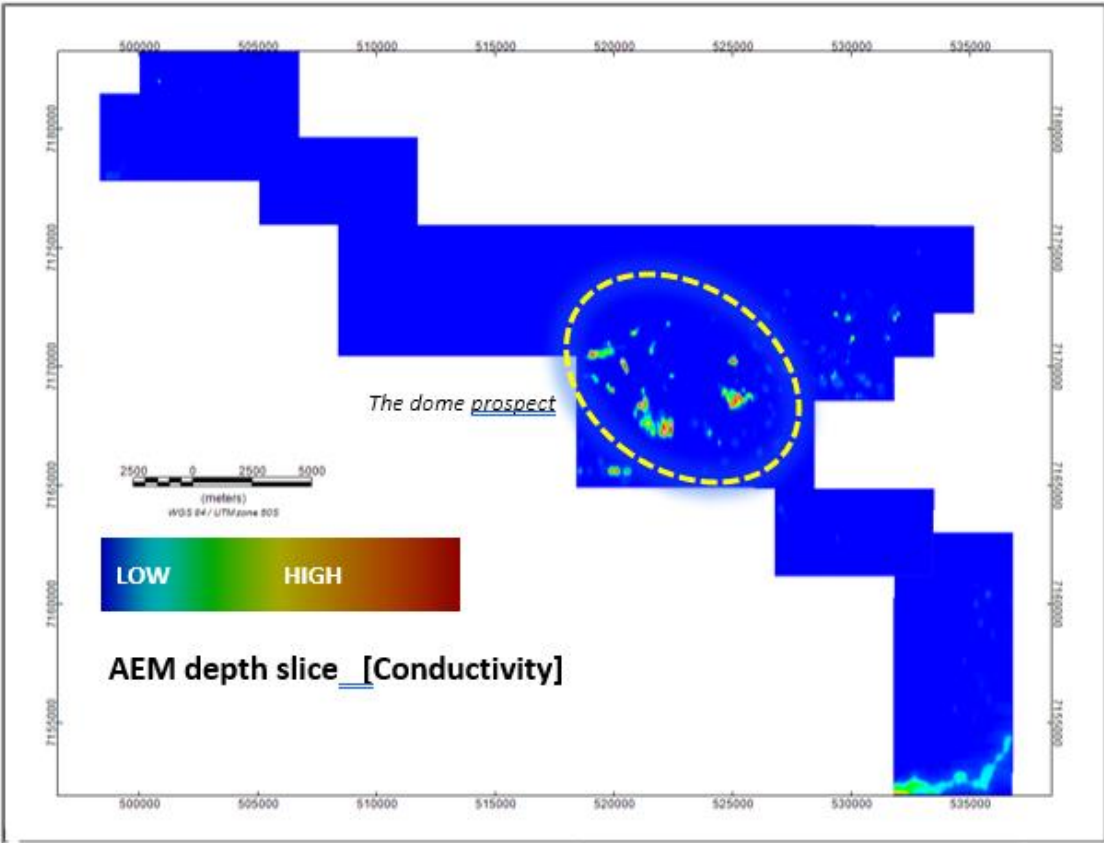


Figure 8 Airborne EM depth slice of conductivity

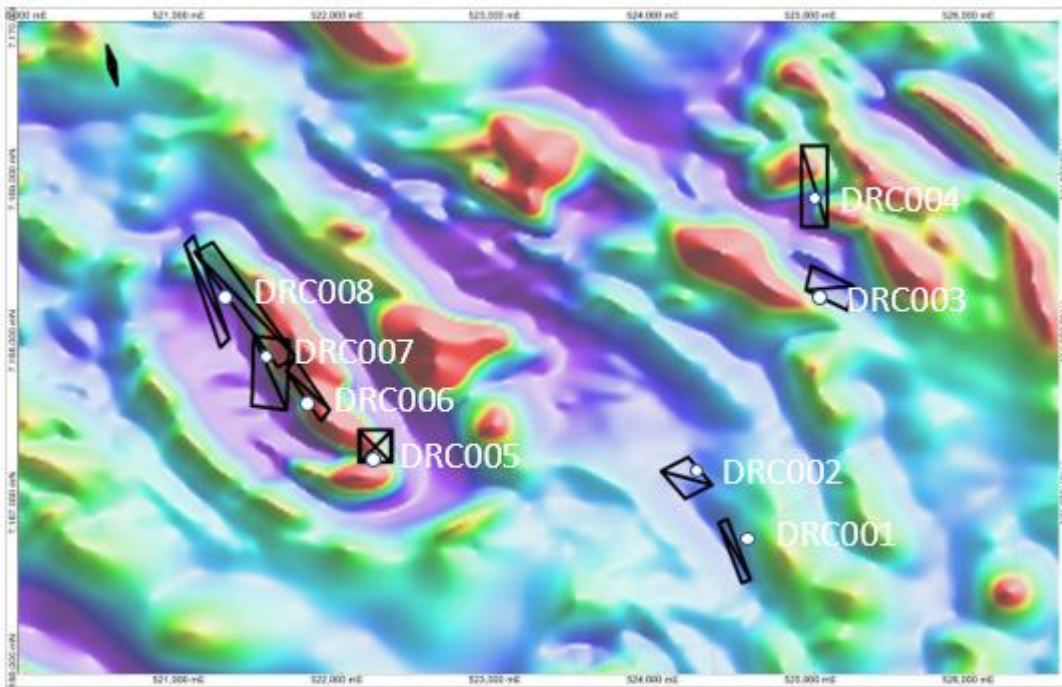


Figure 9 The Dome Drill collar locations, modelled EM plates in black. RTP magnetics background image

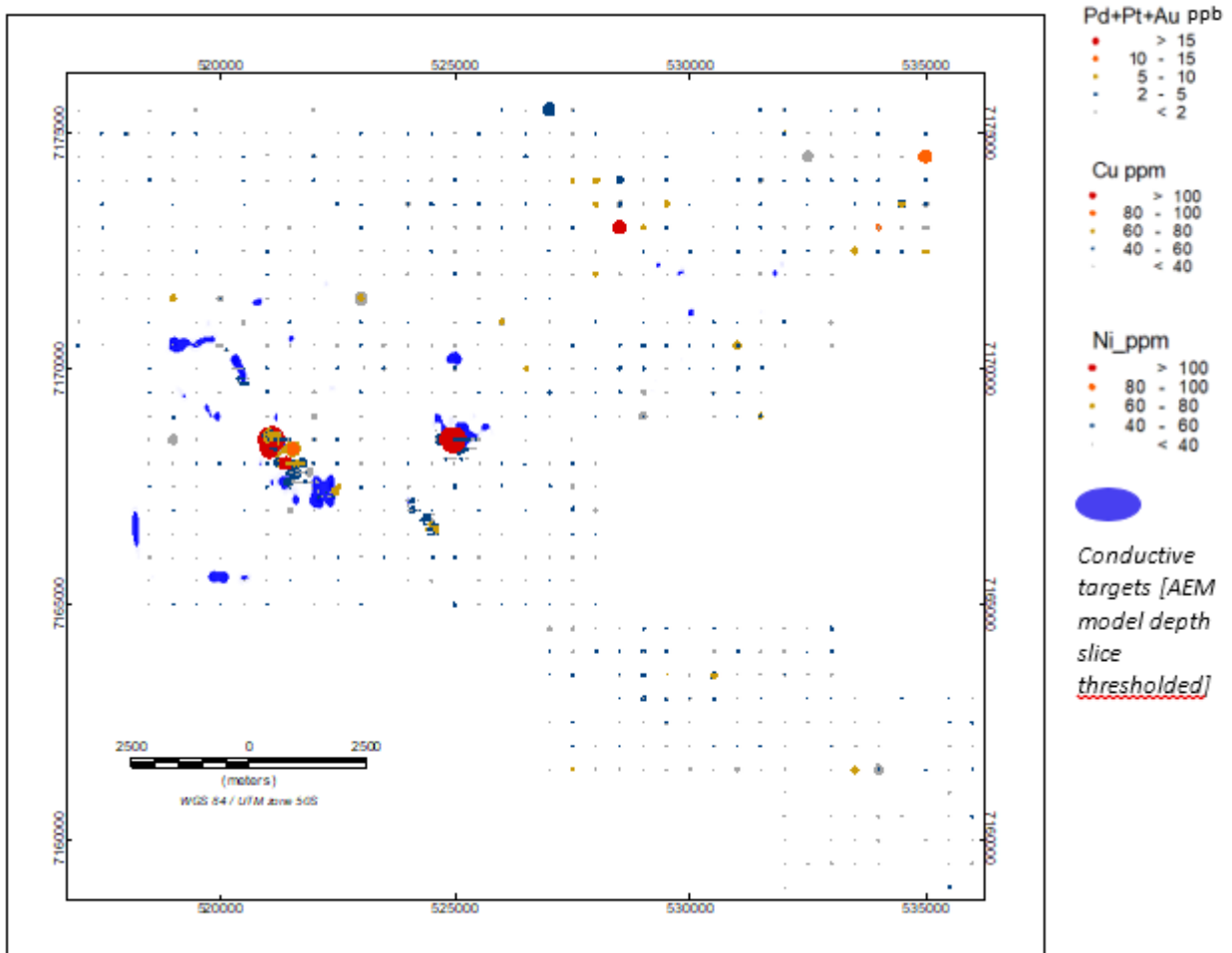


Figure 10 Soil geochemistry and EM at Dingo Pass.

### ***Regional Soil Sampling***

The Company began a regional soil sampling program during the September quarter of 2021. By the end of the December quarter 3488 samples had been collected and 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 at 500m spacing. The results from these data are being used to help target the multi-element projects in the western licenses as well as the Ni-Cu-PGE projects at Dingo Pass.

### ***Belele Project***

There are no rocks outcropping on the Belele license. The surface consists of recently deposited flood plain sediments that have no geochemical association with the basement rocks below. Purely conceptual geological targeting led Desert Metals to initially consider that these basement rocks could be an extension of the Mingah Range Greenstone Belt and hence be prospective for either shear zone hosted (orogenic) gold or volcanogenic hosted massive sulphide (VMS) base metal deposits. Desert Metals staked the vacant ground, collected airborne electromagnetic data over the license and interpreted a feature within these data as a potential basement conductor. Basement conductors can sometimes have a metallic source and such a source can also contain ore minerals.



**Figure 11** RC rig at Belele

In January the Company initially drilled 4 holes into the modelled conductor to test:

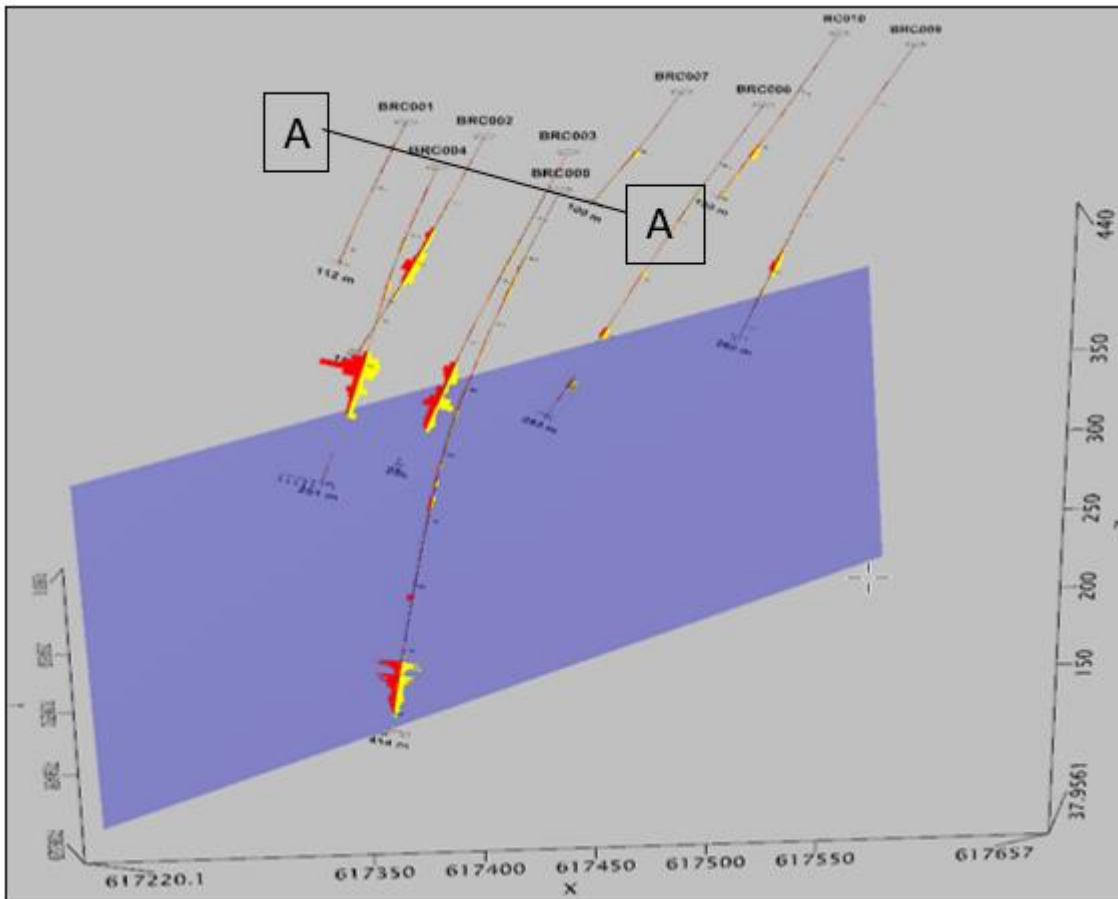
- a) whether the Mingah Range Greenstone Belt was present beneath the cover sediments
- b) whether the feature identified in airborne EM was caused by a metallic conductor and accurately modelled; and
- c) if metallic, whether the conductor contained ore minerals

The first 4 holes positively confirmed all the above. Both the presence of the greenstone belt and that a metallic conductor containing ore minerals had been accurately modelled. Identifying that the greenstone belt does extend under cover is significant because it means the license contains ~20km strike length of new, unexplored, and prospective greenstone. The copper sulphide mineralisation is significant because if a thicker higher-grade zone is associated with it, it may be economic.

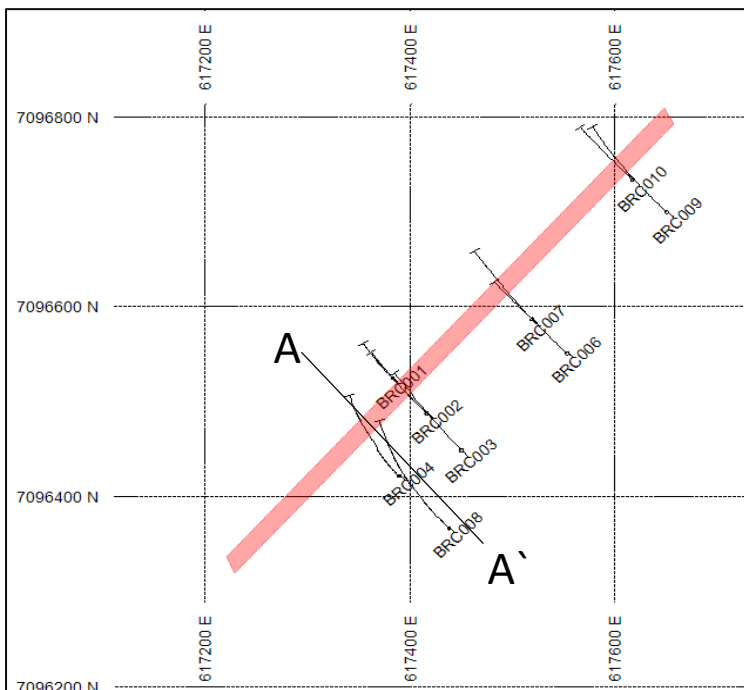
Subsequently, an additional 5 RC holes were completed at Belele to test the extent of copper mineralisation intersected in January. Holes were targeted from existing EM data. Assays received from these holes confirm that mineralisation extends to a depth of over 400m and that modelling of electromagnetic data is predicting the location of mineralisation accurately. Copper grades intersected in the single deep hole to date (BRC008) however were not significantly greater than those intersected BRC003 and BRC004. Further testing of this blind mineralisation for any higher grade or wider intersections will be done after downhole EM is collected on select holes to pinpoint any thicker zones within the modelled plate.



A Western Australian state government Exploration Incentive Scheme (EIS) grant of \$180,000 has been awarded to drill test the extent of mineralisation at Belele. EIS is a competitive program which offers up to 50% of costs for exploration projects that can demonstrate an innovative, thorough, and geo-scientific logical approach to targeting. This is the third grant awarded to Desert Metals' projects and takes the total funding provided by the scheme in the last 18 months to \$480,000. Winning these grants makes a significant contribution to the drilling budget. Ultimately these funds allow the Company to test more targets without using shareholders' money and hence increase the odds of discovery.



**Figure 12** 3D view looking North at Belele. The conductive plate modelled from EM data is shown in purple. Copper intercepts in red, sulphide in yellow. There is a good correlation between the location of then modelled plate, sulphide mineralisation and copper grade. Downhole EM will be collected on several holes to determine if there is a more conductive and hence possibly higher-grade zone within the plate. Section A – A` shown in Figure 5.



**Figure 13** Plan view Belele Drilling. Holes are collared to the southeast and drilled to the northwest to intersect the modelled conductor. There is a very good correlation between the interpreted conductor and copper mineralisation. Down hole EM will help determine if there are more conductive and hence potentially thicker higher grade zones within the mineralisation.

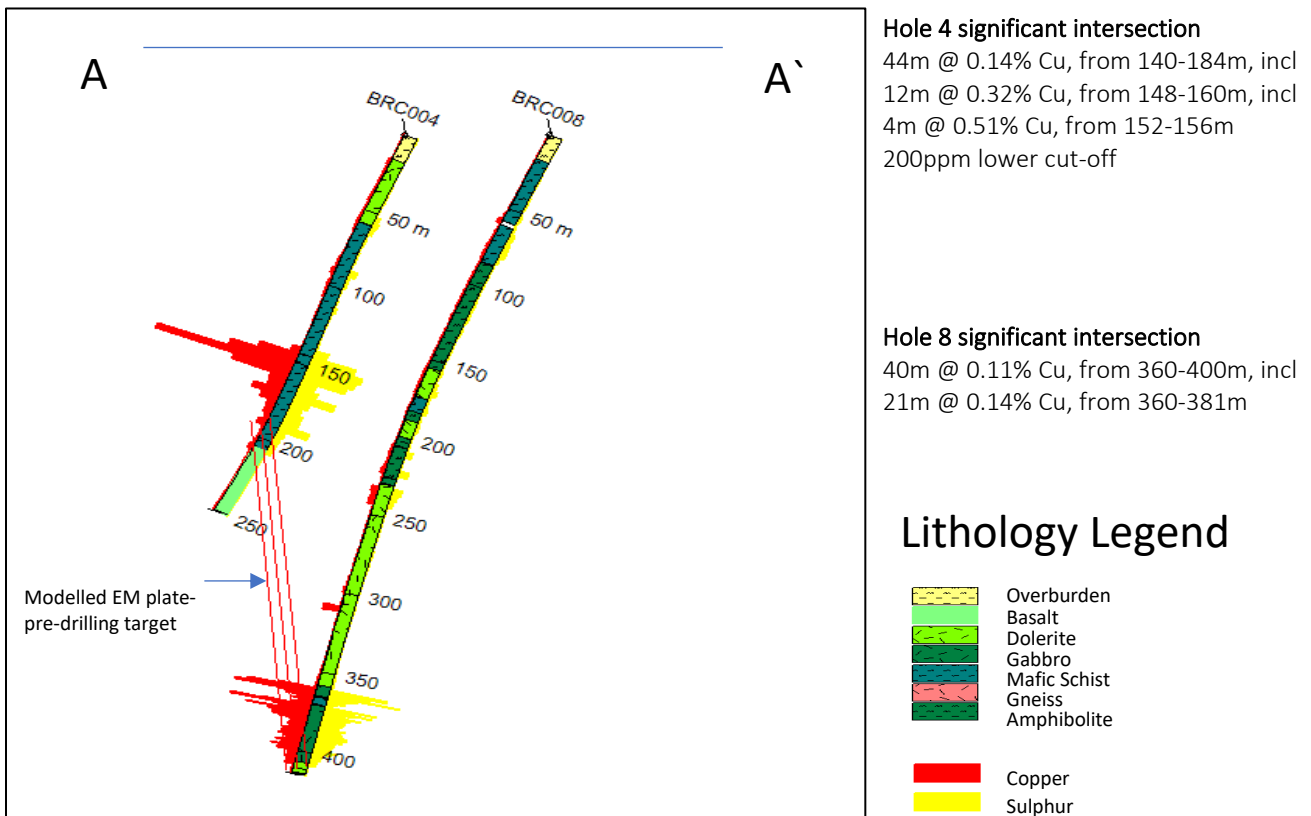


Figure 14 Section A-A'

**Key Business Risks**

The Company is subject to various risk factors. Some of these are specific to its business activities while others are of a more general nature. Individually, or in combination, these risk factors may affect the future operating and financial performance of the Company.

**Occupational health and safety risks**

The Company seeks to ensure that it provides a safe workplace to minimise risk of harm to its employees and contractors. It achieves this through an appropriate safety culture, safety systems, training, and emergency preparedness.

**Exploration Risk**

Exploration and Mineral Resource development incorporates a high degree of technical and geological risk. The natural endowment of the ground being explored is the limiting factor and there always remains a risk of insufficient natural endowment to make an economic discovery.

Detailed planning of exploration programs, with external consultant input where required, ensures the highest quality exploration targets are tested. The Board approves all exploration programs and budgets to achieve outcomes in the Company's (and shareholders) best interests, with regular reporting provided to the Board of the results of exploration programs.

The Company undertakes business development activities to source new projects for the Company with the objective of acquiring assets with a high potential for exploration success.

**COVID-19**

The Company continues to consider the implications of the COVID-19 pandemic on its business. Throughout 2022, the Company has continued to manage the risk that COVID-19 poses to the health and safety of its workforce across all jurisdictions that it operates in. COVID-19 also poses implications to other risks highlighted including financial, operational, supply-chain, and employee management, including attracting and retaining talent.

**Environmental Risks**

The Company is committed to best practice in environmental management, based upon current community expectations, applicable legislation and regulatory standards, all of which can change over time.

**Community and social risks**

The Company operates in jurisdictions with varying community, heritage and social laws and cultural practices. Community expectations are continually evolving and are managed through the development of robust strategies, maintaining strong relationships with communities and delivering on commitments.

**Cyber risks**

The Company takes a risk-based approach to managing cyber security, with a focus on ensuring good practice across standard processes. The Company utilises tools and services provided by external information technology consultants to actively manage its cyber risks, noting the increasing risk trend in the external environment.

**Financial risks**

The Company faces risks relating to the cost and access to funds, movement in interest rates and foreign exchange rates (refer to Note 15 to the financial statements). The Company recognises the importance of maintaining a strong balance sheet that enables flexibility to pursue strategic objectives. The Company maintains policies which define appropriate financial controls and governance which seek to ensure financial risks are recognised, managed and recorded in a manner consistent with generally accepted industry practice and governance standards.

**Regulatory and compliance risk**

New or evolving regulations and international standards are outside the Company's control and are often complex and difficult to predict. The potential development of opportunities can be jeopardised by changes to fiscal or regulatory regimes, adverse changes to tax laws, difficulties in interpreting or complying with local laws, material differences in sustainability standards and practices, or changes to existing political, judicial or administrative policies and changing community expectations.

**Business interruption risk**

Circumstances may arise which preclude operations at certain sites including natural weather events or disasters, material disruption to the Company's logistics chain, critical plant failure or industrial action.

The Company undertakes regular reviews for mitigation of property and business continuity risks and manages the risks associated with COVID-19 to minimise the health, safety and business impacts.

The Company maintains an insurance program that may offset a portion of the financial impact of a major business interruption event

**Corporate****Capital Raising**

On 28 March 2022, the Company successfully raised \$2,700,000 via a placement of 8,181,818 fully paid ordinary shares ("Shares") at an issue price of \$0.33 to sophisticated and professional investors.

The investors also received attaching options on a 1:2 basis exercisable at \$0.50 expiring on or before 3 years from the issue date. These options were issued on 2 June 2022 following approval by shareholders at a General Meeting of the Company held on 1 June 2022.

**Matters subsequent to the end of the financial year**

Mr Johnathon Busing resigned as joint company secretary on 4 July 2022.

On 31 August 2022 the Company issued 225,000 options to employees and eligible contractors under the Company's Employee Incentive Plan. These options have an exercise price of \$0.35 and an expiry date of 31 August 2025.

## Remuneration report (Audited)

This report sets out remuneration information for Key Management Personnel who have the authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, including any director (whether executive or otherwise) of the Company. The prescribed details for each person covered by this report are detailed under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and Company performance
- Executive service agreements
- remuneration of key management personnel

### Key management personnel

The directors and other key management personnel (“KMP”) of the Company during or since the end of the financial year were:

Non-executive directors	Position
Mark Robert Stewart	Non-Executive Chairman
Antony William Worth	Technical Director
Robert Angus Castle Stuart	Managing Director
Keith Charles Murray	Non-Executive Director (appointed 7 July 2021)

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

### Remuneration policy

The remuneration policy of Desert Metals Limited has been designed by the Board taking into consideration the stage of development of the Company and the activities undertaken. The guidance is to align KMP objectives with shareholder and business objectives by providing a fixed remuneration component or a fee for service (where that is applicable) and offering specific long-term incentives based on key performance areas affecting the Company’s financial results or operational milestones. Remuneration levels for KMP are set to attract, retain and incentivise appropriately qualified and experienced directors and executives. The Company rewards executives with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with the business strategy.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders’ investment objectives and director and KMP performance.

#### *Non-executive director remuneration*

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability.

Fees for non-executive directors are not linked to the performance of the Company. No non-executive director shall be paid as part or the whole of his remuneration a commission on, or a percentage of, profits or a percentage of operating revenue. The total aggregate fixed sum per annum to be paid to the non-executive directors from time to time will not exceed the sum determined by the shareholders in general meeting.

The maximum aggregate amount of fees that can be paid to non-executive directors in accordance with clause 15.7 of the Company’s constitution shall initially be no more than \$250,000 and may be varied by ordinary resolution of the Shareholders in general meeting.

*Executive director remuneration*

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board considers that the key performance indicator in assessing the performance of executive directors ("executives") and their contribution towards increasing shareholder value is share price performance over the review period.

Overall remuneration policies are subject to the discretion of the Board. Executive remuneration and other terms of employment are reviewed annually by the Board having regard to their performance, relevant comparative information and expert advice.

The Board's remuneration policy reflects its obligations to align executive remuneration with shareholder interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles are:

- (a) remuneration reflects the competitive market in which the Company operates;
- (b) individual remuneration should be linked to performance criteria if appropriate; and
- (c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives consists of the following:

- (a) salary - executives receive a fixed sum payable monthly in cash;
- (b) cash at risk component - executives may participate in share and option schemes generally made in accordance with thresholds set in plans approved by shareholders if deemed appropriate, however, the Board considers it appropriate to issue shares and options to executives outside of approved schemes in exceptional circumstances; and
- (c) other benefits - executives may, if deemed appropriate by the Board, be provided with a mobile phone and other forms of in-kind remuneration.

The Board has not formally engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by KMP during the financial year.

**Relationship between the remuneration policy and Company performance**

The table below shows measures of the Company's financial performance over the last five years as required by the Corporations Act 2001 (Cth). However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMP. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	30 June 2022 \$	30 June 2021 \$	30 June 2020 \$	30 June 2019 \$
Revenue	160,329	-	-	-
Net loss before tax	(567,262)	(1,200,451)	(44,263)	(44,890)
Net loss after tax	(567,262)	(1,200,451)	(44,263)	(44,890)
Share price at start of year	0.6500	N/A	N/A	N/A
Share price at end of year	0.1800	0.6500	N/A	N/A
Basic/diluted loss per share (cents per share)	(0.990)	(2.857)	N/A	N/A

**Executive service agreements**

Remuneration and other terms of employment for the executive directors and other KMP are formalised in employment or service agreements. The major provisions of the agreements relating to remuneration for the year ended 30 June 2022 are set out in the table below.

Name	Agreement	Base Salary or Fees (p.a.)	STIP/LTIP	Consulting per Day	Duration
Mark Stewart	Employment	50,000	-	-	Ongoing
Antony Worth	Employment	40,000	-	\$1,200	Ongoing
Robert Stuart	Employment	40,000	-	\$1,500	Ongoing
Keith Murray	Employment	40,000	-	-	Ongoing

**Remuneration of key management personnel**

Details of the remuneration of the directors, the KMP of the Company (as defined in AASB 124 Related Party Disclosures) and specified executives of Desert Metals Limited are set out in the following tables. The KMP of the Company are the directors and the Company Secretaries.

2022	Short-term employee benefits		Post-employment benefits	Share-based payment	Total \$	% of remuneration Performance related
	Salary & fees \$	Consulting Fees \$	Superannuation \$	Options \$		
<b>Directors</b>						
Mark Stewart <sup>1</sup>	50,000	-	5,000	-	55,000	0%
Antony Worth <sup>2</sup>	40,000	230,090	4,000	-	274,090	0%
Robert Stuart <sup>3</sup>	40,000	264,750	4,000	-	308,750	0%
Keith Murray <sup>4</sup>	40,000	-	4,000	82,800	126,800	0%
<b>Total</b>	<b>170,000</b>	<b>494,840</b>	<b>17,000</b>	<b>82,800</b>	<b>764,640</b>	

2021	Short-term employee benefits		Post-employment benefits	Share-based payment	Total \$	% of remuneration Performance related
	Salary & fees \$	Consulting Fees \$	Superannuation \$	Options \$		
<b>Directors</b>						
Mark Stewart <sup>1</sup>	50,000	-	4,750	-	54,750	0%
Antony Worth <sup>2</sup>	40,000	106,035	3,800	-	149,835	0%
Robert Stuart <sup>3</sup>	40,000	187,500	3,800	-	231,300	0%
<b>Total</b>	<b>130,000</b>	<b>293,535</b>	<b>12,350</b>	<b>-</b>	<b>435,885</b>	

<sup>1</sup> Mr Stewart was appointed as chairman on 15 April 2020

<sup>2</sup> Mr Worth was appointed as a director on 29 March 2017

<sup>3</sup> Mr Stuart was appointed as a director on 29 March 2017

<sup>4</sup> Mr Murray was appointed as a director on 7 July 2021

**Bonuses and share-based payments granted as compensation for the current financial year***Bonuses*

No bonuses were paid to KMP during the financial year (2021: Nil).

*Incentive share-based payment arrangements*

No share options were exercised by KMP during the year (2021: Nil).

*Options awarded, vested and lapsed during the year*

The table below discloses the number of share options granted, vested or lapsed during the year.

Share options do not carry any voting or dividend rights.

	Financial year	Options awarded during the year No.	Award date	Fair value per option at award date	Vesting date	Exercise price	Expiry Date	Value of options granted during the year #
Keith Murray	2022	800,000	30 Nov 2021	\$0.1035	30 Nov 2021	\$0.60	30 Nov 2024	\$82,800

# Determined at the time of grant per AASB 2.

**Other transactions with KMP**

Mr Mark Stewart is a director of Arion Legal, which was paid \$1,603 for legal services provided during the year.

Dr Robert Stuart is a director of Fathom Geophysics Australia Pty Ltd, which was paid \$23,875 for geophysical consulting services provided during the year.

**Key management personnel equity holdings***Fully paid ordinary shares of Desert Metals Limited*

2022	Balance at 1 July 2021 No.	Granted as compensation No.	Received on exercise of options No.	Net other Change No.	Balance at 30 June 2022 No.	Balance held Nominally No.
Mark Stewart	200,000	-	-	-	200,000	200,000
Antony Worth	5,200,000	-	-	-	5,200,000	5,200,000
Robert Stuart	10,360,000	-	-	-	10,360,000	10,360,000
Keith Murray	250,000	-	-	-	250,000	250,000

*Share options of Desert Metals Limited*

2022	Balance at 1 July 2021 No.	Granted as compensation No.	Net other Change No.	Balance at 30 June 2022 No.	Balance held Nominally No.
Mark Stewart	1,600,000	-	-	1,600,000	1,600,000
Antony Worth	1,500,000	-	-	1,500,000	1,500,000
Robert Stuart	3,900,000	-	-	3,900,000	3,900,000
Keith Murray <sup>1</sup>	-	800,000	-	800,000	800,000

<sup>1</sup> Mr Murray was appointed as a director on 7 July 2021

Each option is convertible into one ordinary share of Desert Metals Limited.

This is the end of the audited remuneration report.

## Options

### *Unissued shares under option*

At the date of this report, unissued ordinary shares of the Company under option are:

Grant date	Expiry date	Exercise price \$	Number of options
7 Oct 2020	31 Oct 2023	0.300	10,650,000
12 Nov 2020	12 Nov 2023	0.300	1,650,000
30 Nov 2021	30 Nov 2024	0.600	800,000
02 Jun 2022	02 Jun 2025	0.500	4,090,908
31 Aug 2022	31 Aug 2025	0.350	225,000
			17,415,908

No person entitled to exercise an option has participated or has any right by virtue of the option to participate in any share issue of any other body corporate. For details of options issued to Directors and executives as remuneration, refer to the remuneration report.

This Directors' Report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors



Dr Robert Stuart  
 Managing Director  
 Dated this 29th day of September 2022



To the Board of Directors

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Director for the audit of the financial statements of Desert Metals Limited for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

*Hall Chadwick*  
HALL CHADWICK WA AUDIT PTY LTD

*Mark Delaurentis*  
MARK DELAURENTIS CA  
Director

Dated at Perth this 29<sup>th</sup> day of September 2022

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESERT METALS LIMITED

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Desert Metals Limited ("the Company"), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.1.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Capitalised Exploration and Evaluation Costs</b></p> <p>As disclosed in note 10 to the financial statements, the Group has incurred significant exploration and evaluation expenditures which have been capitalised in accordance with the requirement of Exploration for and Evaluation of Mineral Resources (AASB 6). As at 30 June 2022, the Group's capitalised exploration and evaluation costs are carried at \$4,427,247.</p> <p>The recognition and recoverability of the capitalised exploration and evaluation costs was considered a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The carrying value of capitalised exploration and evaluation costs represents a significant asset of the Group, we considered it necessary to assess whether facts and circumstances existed to suggest the carrying amount of this asset may exceed the recoverable amount; and</li> <li>• Determining whether impairment indicators exist involves significant judgement by management.</li> </ul> <p>Note 3.6 and 10 to the financial statements contain the accounting policy and disclosures in relation to exploration and evaluation expenditures.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Assessing management's determination of its areas of interest for consistency with the definition in AASB 6 <i>Exploration and Evaluation of Mineral Resources</i> ("AASB 6");</li> <li>• Confirming rights to tenure for a sample of tenements held and confirming rights to tenure on tenements nearing expiry will be renewed;</li> <li>• Testing the Group's additions to capitalised exploration costs for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of AASB 6;</li> <li>• By testing the status of the Group's tenure and planned future activities, reading board minutes and discussions with management we assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised exploration costs: <ul style="list-style-type: none"> <li>○ The licenses for the rights to explore expiring in the near future or are not expected to be renewed;</li> <li>○ Substantive expenditure for further exploration in the area of interest is not budgeted or planned;</li> <li>○ Decision or intent by the Group to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources;</li> <li>○ Data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recorded in full from successful development or sale; and</li> </ul> </li> <li>• Assessing the appropriateness of the related disclosures in the financial statements.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3.1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's Opinion**

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

*Hall Chadwick*

HALL CHADWICK WA AUDIT PTY LTD

*Mark Delaurentis*

MARK DELAURENTIS CA

Director

Dated at Perth this 29<sup>th</sup> day of September 2022

## Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 30 June 2022 and performance of the Company for the year ended on that date; and
- (d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors



Dr Robert Stuart  
Managing Director  
Dated this 29th day of September 2022

## Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Continuing operations</b>			
Revenue and other income			
Government grants		152,147	-
Other revenue		8,182	-
		<u>160,329</u>	<u>-</u>
Compliance costs	6	(79,670)	(110,608)
Depreciation	11	(31,284)	(8,996)
Directors' fees		(186,083)	(142,770)
Impairment of intangibles		-	(13,850)
Information technology costs		(15,021)	(5,620)
Occupancy costs		(42,979)	(17,416)
Professional fees		(172,523)	(255,534)
Public relations and marketing		(12,865)	-
Share based payments	22	(82,800)	(554,865)
Travel costs		(18,988)	(11,281)
Administrative expenses	6	(85,378)	(79,511)
		<u>(727,591)</u>	<u>(1,200,451)</u>
Loss before tax		(567,262)	(1,200,451)
Income tax benefit	7	-	-
<b>Net loss for the year</b>		<b><u>(567,262)</u></b>	<b><u>(1,200,451)</u></b>
<b>Other comprehensive income, net of income tax</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
		<u>-</u>	<u>-</u>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b><u>(567,262)</u></b>	<b><u>(1,200,451)</u></b>
<b>Loss per share:</b>			
Basic and diluted (cents per share)	8	(0.99)	(2.86)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.



## Statement of financial position

As at 30 June 2022

	Note	2022 \$	2021 \$
<b>Current Assets</b>			
Cash and cash equivalents	17	3,013,946	3,710,144
Receivables	9	140,414	107,947
<b>Total Current Assets</b>		<b>3,154,360</b>	<b>3,818,091</b>
<b>Non-Current Assets</b>			
Exploration and evaluation expenditure	10	4,427,247	1,770,569
Property, plant and equipment	11	104,863	134,179
<b>Total Non-Current Assets</b>		<b>4,532,110</b>	<b>1,904,748</b>
<b>Total Assets</b>		<b>7,686,470</b>	<b>5,722,839</b>
<b>Current Liabilities</b>			
Trade and other payables	13	184,424	274,331
<b>Total Current Liabilities</b>		<b>184,424</b>	<b>274,331</b>
<b>Total Liabilities</b>		<b>184,424</b>	<b>274,331</b>
<b>Net Assets</b>		<b>7,502,046</b>	<b>5,448,508</b>
<b>Equity</b>			
Issued capital	14	8,640,035	6,102,035
Reserves	21	723,795	640,995
Accumulated losses		(1,861,784)	(1,294,522)
<b>Total Equity</b>		<b>7,502,046</b>	<b>5,448,508</b>

The statement of financial position is to be read in conjunction with the accompanying notes.

## Statement of changes in equity

For the year ended 30 June 2022

	Issued Capital	Share Options Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance as at 1 July 2020</b>	515,000	-	(94,071)	420,929
Loss for the year	-	-	(1,200,451)	(1,200,451)
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	<b>(1,200,451)</b>	<b>(1,200,451)</b>
<i>Transactions with owners, directly in equity</i>				
Share application funds received	6,000,000	-	-	6,000,000
Option application funds received	-	165	-	165
Issue of options as share-based payments	-	640,830	-	640,830
Share issue costs	(412,965)	-	-	(412,965)
<b>Balance at 30 June 2021</b>	<b>6,102,035</b>	<b>640,995</b>	<b>(1,294,522)</b>	<b>5,448,508</b>
<b>Balance as at 1 July 2021</b>	6,102,035	640,995	(1,294,522)	5,448,508
Loss for the year	-	-	(567,262)	(567,262)
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	<b>(567,262)</b>	<b>(567,262)</b>
<i>Transactions with owners, directly in equity</i>				
Share application funds received	2,700,000	-	-	2,700,000
Issue of options as share-based payments	-	82,800	-	82,800
Share issue costs	(162,000)	-	-	(162,000)
<b>Balance at 30 June 2022</b>	<b>8,640,035</b>	<b>723,795</b>	<b>(1,861,784)</b>	<b>7,502,046</b>

The statement of changes in equity is to be read in conjunction with the accompanying notes.

## Statement of cash flows

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b><i>Cash flows from operating activities</i></b>			
Receipts from Government grants		152,147	-
Other receipts		8,182	-
Payments to suppliers and employees		(646,735)	(478,566)
<b>Net cash used in operating activities</b>	<b>17.1</b>	<b>(486,406)</b>	<b>(478,566)</b>
<b><i>Cash flows from investing activities</i></b>			
Payments for exploration and evaluation activities		(2,718,324)	(1,571,001)
Payments for property, plant and equipment		(29,468)	(124,446)
<b>Net cash used in investing activities</b>		<b>(2,747,792)</b>	<b>(1,695,447)</b>
<b><i>Cash flows from financing activities</i></b>			
Proceeds from issue of shares		2,700,000	6,000,165
Payments for share issue costs		(162,000)	(412,965)
<b>Net cash provided from financing activities</b>		<b>2,538,000</b>	<b>5,587,200</b>
<b>Net increase / (decrease) in cash held</b>		<b>(696,198)</b>	<b>3,413,187</b>
Cash and cash equivalents at the beginning of the year		3,710,144	296,957
<b>Cash and cash equivalents at the end of the year</b>	<b>17</b>	<b>3,013,946</b>	<b>3,710,144</b>

*The statement of cash flows is to be read in conjunction with the accompanying notes.*

## Notes to the financial statements

For the year ended 30 June 2022

### 1. General information

Desert Metals Limited (or the “Company”) is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. The addresses of its registered office and principal place of business are disclosed in the corporate directory to the annual report.

A description of the nature of operations and principal activities of the Company is included in the Directors’ Report.

### 2. Application of new and revised Accounting Standards

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### ***Accounting Standards that are mandatorily effective for the current reporting year***

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2021.

#### Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2022, the directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company’s operations and effective for annual reporting periods beginning on or after 1 July 2021. As a result of this review, the Directors have determined that there is no material impact of any new and revised Standards and Interpretations issued by the AASB.

#### Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ending 30 June 2022. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted by the Company and therefore no material change is necessary to company accounting policies.

### 3. Summary of significant accounting policies

#### 3.1 Statement of compliance

These financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001 and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (‘IFRS’).

The financial statements were authorised for issue by the directors on 29 September 2022.

#### 3.2 Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

## Notes to the financial statements

For the year ended 30 June 2022

### 3. Summary of significant accounting policies (cont'd)

#### 3.2 Basis of preparation (cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### 3.3 Going Concern Basis

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2022, the Company incurred a loss after tax of \$567,262 (2021: \$1,200,451), and a net cash outflow from operations of \$486,406 (2021: \$478,566). At 30 June 2022, the Company had working capital of \$2,969,936 (2021: \$3,543,760) and no non-current liabilities (2021: Nil). As at 30 June 2022, the Company had a cash balance of \$3,013,946.

The directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate. The Company's ability to continue as a going concern and pay its debts as and when they fall due, given the Company's intended operational plans, assumes active management of the current level of discretionary expenditure in line with the funds available to the Company.

The Company is aware that there is a high level of uncertainty in the market and in the exploration sector due to the ongoing impact of the COVID-19 pandemic. Desert Metals Limited will continue to monitor the changing situation, however the Company does not believe this should adversely affect the ability to raise funds if and when required.

#### 3.4 Employee benefits

##### Short-term and long-term employee benefits

A liability is recognised for benefits accrued to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

## Notes to the financial statements

For the year ended 30 June 2022

### 3. Summary of significant accounting policies (cont'd)

#### 3.5 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

##### 3.5.1 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### 3.5.2 Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### 3.5.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

#### 3.6 Exploration and evaluation expenditure

The Company accounts for exploration and evaluation expenditure by applying the following policy.

Exploration and evaluation costs represent intangible assets. Exploration, evaluation and development costs, and acquisition costs related to an area of interest are capitalised in the Statement of Financial Position and carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the areas of interest are continuing.

## Notes to the financial statements

For the year ended 30 June 2022

### 3. Summary of significant accounting policies (cont'd)

#### 3.6 Exploration and evaluation expenditure (cont'd)

Capitalised costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

Costs of site restoration are provided for over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for restoration costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed.

#### 3.7 Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Costs include expenditures that are directly attributable to the acquisition of the asset.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit and loss as incurred.

#### Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

#### 3.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### 3.9 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument.

## Notes to the financial statements

For the year ended 30 June 2022

### 3. Summary of significant accounting policies (cont'd)

#### 3.9 Financial instruments (cont'd)

Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transaction costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

#### 3.9.1 Financial Assets

##### 3.9.1.1 Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss (FVPL)):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

##### 3.9.1.2 Financial assets at fair value through other comprehensive income (Equity instruments)

The Company measures debt instruments at fair value through Other Comprehensive Income (OCI) if both of the following conditions are met:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Company entity can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.



## Notes to the financial statements

For the year ended 30 June 2022

### 3. Summary of significant accounting policies (cont'd)

#### 3.9 Financial instruments (cont'd)

##### 3.9.1.3 Financial assets at fair value through profit or loss (FVPL)

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

##### 3.9.2 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVPL' or 'other financial liabilities'.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at FVPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

##### 3.9.3 Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### 3.10 Comparative amounts

When current period balances have been classified differently within current period disclosures when compared to prior periods, comparative disclosures have been restated to ensure consistency of presentation between periods.

### 3.11 Government Grant

An unconditional government grant is recognised in the statement of profit or loss as other income when the grant becomes receivable. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

Research and development tax incentives are recognised in the statement of profit or loss as other income when received or when the amount to be received can be reliably estimated.

### 3.12 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax, except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

## Notes to the financial statements

For the year ended 30 June 2022

### 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Key sources of estimation uncertainty

##### Impairment of exploration and evaluation expenditure

Exploration and evaluation expenditure is reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

The directors are required to exercise judgement on future events and the likelihood of defining an economic reserve. Assumptions made are altered as exploration and evaluation continues and more information becomes available. Where it is evident that the value of exploration and evaluation expenditure cannot be recovered, the capitalised amount will be impaired through the statement of profit or loss and other comprehensive income.

##### Share-based payments

Fair value is measured by the use of Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

##### Deferred taxation

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses when management considers that it is probable that future taxable profits will be available to utilise those assets.

### 5. Segment information

The Company operates in the mineral exploration industry. AASB 8 "Operating Segments" states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. None of the other operating segments currently meet any of the prescribed quantitative thresholds and as such do not have to be reported separately.

The Company has therefore decided to aggregate all its reporting segments into one reportable operating segment.

The revenue and results of this segment are those of the Company as a whole and are set out in the statement of profit and loss and other comprehensive income. The segment assets and liabilities are those of the Company and set out in the statement of financial position.

## Notes to the financial statements

For the year ended 30 June 2022

### 6. Loss for the year

*Loss for the year has been arrived at after charging the following items of expense:*

	2022 \$	2021 \$
Administration costs:		
Promotional and meeting expenses	-	1,102
Insurance	28,519	32,537
Postage, printing and stationery	134	11,287
Wages and superannuation	33,550	13,563
Admin fees	9,273	14,475
Other	13,902	6,547
Total administration costs	<b>85,378</b>	<b>79,511</b>
Compliance costs:		
ASX expenses	48,348	96,134
Share registry expenses	16,334	8,737
ASIC expenses	7,365	5,737
AGM expense	7,623	-
Total compliance costs	<b>79,670</b>	<b>110,608</b>

### 7. Income taxes relating to continuing operations

#### 7.1 Income tax recognised in profit or loss

	2022 \$	2021 \$
Current tax	-	-
Deferred tax	-	-
	-	-

The income tax expense for the year can be reconciled to the accounting loss as follows:

	2022 \$	2021 \$
Loss before tax from continuing operations	(567,262)	(1,200,451)
Income tax expense calculated at 25.0% (2021: 26.0%)	(141,816)	(312,117)
Effect of expenses that are not deductible in determining taxable loss	21,003	126,784
Effect of deductible capitalised expenditure	(664,170)	(3,601)
Under provision for prior year tax adjustment	(385,252)	-
Effect of unused tax losses not recognised as deferred tax assets	1,170,235	188,934
	-	-

The tax rate used for the 2022 reconciliation above is the corporate tax rate of 25.0% (2021: 26.0%) payable by Australian corporate entities on taxable profits under Australian tax law.

## Notes to the financial statements

For the year ended 30 June 2022

### 7. Income taxes relating to continuing operations (cont'd)

#### 7.2 Unrecognised deferred tax assets

	2022 \$	2021 \$
Unused revenue tax losses for which no deferred tax assets have been recognised at 25.0% (2021: 26.0%)	1,408,702	238,467

This benefit from tax losses totaling \$5,634,806 (2021: \$917,181) will only be obtained if the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised and complies with the conditions for deductibility imposed by tax legislation.

### 8. Loss per share

	2022 cents per share	2021 cents per share
Basic and diluted loss per share	(0.99)	(2.86)

The loss and weighted average number of ordinary shares used in the calculation of the basic and diluted loss per share are as follows:

	2022 \$	2021 \$
Loss for the year attributable to owners of the Company	(567,262)	(1,200,451)

	2022 No.	2021 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	56,972,603	42,013,699

### 9. Trade, other receivables and prepayments

	2022 \$	2021 \$
Prepayments	37,228	15,313
GST receivable	94,386	92,634
Rent bond	8,800	-
	<b>140,414</b>	<b>107,947</b>

At the reporting date, none of the receivables were past due or impaired.

### 10. Exploration and evaluation expenditure

	2022 \$	2021 \$
Brought forward exploration and evaluation expenditure	1,770,569	137,186
Expenditure incurred and capitalised during the year	2,656,678	1,633,383
Carried forward exploration and evaluation expenditure	<b>4,427,247</b>	<b>1,770,569</b>

## Notes to the financial statements

For the year ended 30 June 2022

### 11. Property, plant and equipment

Carrying amounts of

	2022 \$	2021 \$
Plant and equipment	32,201	39,307
Computer equipment and software	27,761	43,557
Motor vehicles	44,901	51,315
	<b>104,863</b>	<b>134,179</b>

30 June 2022	Plant & Equipment \$	Computer Equipment & Software \$	Motor Vehicles \$	Total \$
<b>Cost or deemed cost</b>				
Balance at 1 July 2021	40,263	49,428	53,919	143,610
Additions	705	1,263	-	1,968
<b>Balance at 30 June 2022</b>	<b>40,968</b>	<b>50,691</b>	<b>53,919</b>	<b>145,578</b>
<b>Depreciation</b>				
Balance at 1 July 2021	956	5,871	2,604	9,431
Depreciation for the year	7,811	17,059	6,414	31,284
<b>Balance at 30 June 2022</b>	<b>8,767</b>	<b>22,930</b>	<b>9,018</b>	<b>40,715</b>
<b>Carrying amounts</b>				
<b>at 1 July 2021</b>	<b>39,307</b>	<b>43,557</b>	<b>51,315</b>	<b>134,179</b>
<b>at 30 June 2022</b>	<b>32,201</b>	<b>27,761</b>	<b>44,901</b>	<b>104,863</b>

30 June 2021	Plant & Equipment \$	Computer Equipment & Software \$	Motor Vehicles \$	Total \$
<b>Cost or deemed cost</b>				
Balance at 1 July 2020	435	-	-	435
Additions	39,828	49,428	53,919	143,175
<b>Balance at 30 June 2021</b>	<b>40,263</b>	<b>49,428</b>	<b>53,919</b>	<b>143,610</b>
<b>Depreciation</b>				
Balance at 1 July 2020	435	-	-	435
Depreciation for the year	521	5,871	2,604	8,996
<b>Balance at 30 June 2021</b>	<b>956</b>	<b>5,871</b>	<b>2,604</b>	<b>9,431</b>
<b>Carrying amounts</b>				
<b>at 1 July 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>at 30 June 2021</b>	<b>39,307</b>	<b>43,557</b>	<b>51,315</b>	<b>134,179</b>

## Notes to the financial statements

For the year ended 30 June 2022

### 12. Commitments for expenditure

#### Exploration expenditure on granted tenements

	2022 \$	2021 \$
Not longer than one year	588,500	639,958
Two to five years	864,924	2,036,870
	<b>1,453,424</b>	<b>2,676,828</b>

In order to retain the rights of tenure to its granted tenements, the Company is required to meet the minimum statutory expenditure requirements but may reduce these at any time by reducing the size of the tenements. The figures quoted above assume that no new tenements are granted and that only compulsory statutory area reductions are made.

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out exploration rights to third parties will reduce or extinguish these obligations.

### 13. Trade and other payables

	2022 \$	2021 \$
Trade and other payables	172,424	262,331
Accrued expenses	12,000	12,000
	<b>184,424</b>	<b>274,331</b>

The related party transactions and its outstanding balances includes the following:

	2022 \$	2021 \$
Fathom Geophysics Australia Pty Ltd <sup>1</sup>	-	32,450

<sup>1</sup> Robert Stuart is a director of Fathom Geophysics Australia Pty Ltd

### 14. Issued capital

	2022 \$	2021 \$
63,181,818 fully paid ordinary shares (30 June 2021: 55,000,000)	8,640,035	6,102,035

#### Fully paid ordinary shares

	2022		2021	
	No.	\$	No.	\$
Balance at beginning of year	55,000,000	6,102,035	20,000,000	515,000
Issue of shares (i)	-	-	10,000,000	1,000,000
Issue of shares (ii)	-	-	25,000,000	5,000,000
Issue of shares (iii)	8,181,818	2,700,000		
Share issue costs	-	(162,000)	-	(412,965)
	<b>63,181,818</b>	<b>8,640,035</b>	<b>55,000,000</b>	<b>6,102,035</b>

## Notes to the financial statements

For the year ended 30 June 2022

### 14. Issued capital (cont'd)

- (i) Issue of fully paid ordinary shares at \$0.10 each on 2 November 2020 pursuant to a placement to sophisticated investors in the Company.
- (ii) Issue of fully paid ordinary shares at \$0.20 each on 11 December 2020 pursuant to an introductory Public Offer and Placement.
- (iii) Issue of fully paid ordinary shares at \$0.33 each on 4 April 2022 pursuant to a placement to sophisticated investors in the Company.

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

### 15. Financial Instruments

#### 15.1 Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital management requires the maintenance of a strong cash balance to support ongoing exploration.

Given the nature of the business, the Company monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Company's approach to capital management during the year.

#### 15.2 Categories of financial instruments

	2022 \$	2021 \$
<b>Financial assets</b>		
Cash and cash equivalents	3,013,946	3,710,144
Trade and other receivables (non-interest bearing)	140,414	107,947
	3,154,360	3,818,091
<b>Financial liabilities</b>		
Trade and other payables (non-interest bearing)	184,424	274,331
	2,969,936	3,543,760
<b>Net financial assets</b>		

The carrying value of the above financial instruments approximates their fair values

#### 15.3 Financial risk management objectives

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

## Notes to the financial statements

For the year ended 30 June 2022

### 15.3 Financial risk management objectives (cont'd)

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods, unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Company's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Company where such impacts may be material. The Board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

### 15.4 Market risk

Market risk for the Company arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (see 15.5 below).

### 15.5 Interest rate risk management

Interest rate risk arises on cash and cash equivalents and receivables from related parties. The Company does not enter into any derivative instruments to mitigate this risk. As this is not considered a significant risk for the Company, no policies are in place to formally mitigate this risk.

#### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's loss for the year ended 30 June 2022 would decrease by \$30,139 (2021: \$37,101).

### 15.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### 15.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.



## Notes to the financial statements

For the year ended 30 June 2022

### 15. Financial Instruments (cont'd)

	Carrying Amount	Contractual cash flows				Total contractual cash flows
		Less than 1 month	1 - 3 months	3 - 12 months	1 year to 5 years	
	\$	\$	\$	\$	\$	\$
<b>2022</b>						
Trade and other payables	184,424	171,686	12,738	-	-	184,424
<b>2021</b>						
Trade and other payables	274,331	256,598	17,733	-	-	274,331

### 16. Key management personnel

Any person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, are considered key management personnel.

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	2022	2021
	\$	\$
Short-term employee benefits	681,840	435,885
Share-based payment	82,800	-
	<b>764,640</b>	<b>435,885</b>

Detailed remuneration disclosures are provided in the remuneration report on page 17.

#### Short-term employee benefits

These amounts include fees paid to non-executive and executive directors and also include fees paid to entities controlled by the directors. The compensation of each member of the key management personnel of the Company's is set out in the remuneration report on page 19.

### 17. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2022	2021
	\$	\$
Cash and bank balances	3,013,946	3,710,144

## Notes to the financial statements

For the year ended 30 June 2022

### 17.1 Reconciliation of loss for the year to net cash flows from operating activities

	2022 \$	2021 \$
<b>Cash flow from operating activities</b>		
Loss for the year	(567,262)	(1,200,451)
<b>Adjustments for:</b>		
Depreciation	31,284	8,996
Impairment of intangibles	-	13,850
Share based payments for consulting services	82,800	554,865
<b>Movements in working capital</b>		
Increase in trade, other receivables and prepayments	(32,467)	(106,300)
Decrease / (increase) in trade and other payables	(761)	250,474
<b>Net cash outflow from operating activities</b>	<b>(486,406)</b>	<b>(478,566)</b>

#### Non-cash financing activities

There were no non-cash financing or investing activities during the year.

### 18. Contingent liabilities and contingent assets

The directors are not aware of any contingencies at balance date.

### 19. Remuneration of auditors

	2022 \$	2021 \$
Audit and review of financial reports	23,796	21,000

The auditor of the Company is Hall Chadwick WA Audit Pty Ltd.

### 20. Events after the reporting period

Mr Johnathon Busing resigned as joint Company Secretary, effective 4 July 2022.

### 21. Options

21.1 The following options were on issue at the reporting date:

Options	Number	Grant date	Grant date Fair value \$	Exercise price \$	Expiry date	Vesting date
DM1EOPT1	10,650,000	7 Oct 2020	0.0521	0.3000	31 Oct 2023	7 Oct 2020
DM1EOPT2	1,650,000	12 Nov 2020	0.0521	0.3000	12 Nov 2023	12 Nov 2020
DM1UOPT3	800,000	30 Nov 2021	0.1035	0.6000	30 Nov 2024	30 Nov 2021
DM1UOPT4	4,090,908	02 Jun 2022	0.0000	0.5000	02 Jun 2025	02 Jun 2022

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

## Notes to the financial statements

For the year ended 30 June 2022

### 21. Options (cont'd)

	Series DMEOPT1	Series DMEOPT2	Series DM1UOPT3	Series DM1UOPT4
Dividend yield (%)	-	-	-	-
Expected volatility (%)	120.00%	120.00%	100.00%	-
Risk-free interest rate (%)	0.13%	0.13%	0.53%	-
Expected life of options (years)	3	3	3	3
Exercise price (cents)	0.3000	0.3000	0.6000	0.5000
Grant date share price (cents)	0.1000	0.1000	0.2400	0.2450

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

### 21.2 Options granted during the year

#### Unlisted options

	2022		2021	
	No.	\$	No.	\$
Balance at beginning of year	12,300,000	640,995	-	-
Issue of options	-	-	7,000,000	364,700
Issue of options	-	-	2,000,000	104,200
Issue of options	-	-	1,650,000	85,965
Issue of options	-	-	-	165
Issue of options	-	-	1,650,000	85,965
Issue of options <sup>(i)</sup>	800,000	82,800	-	-
Issue of options <sup>(ii)</sup>	4,090,908	-	-	-
	<b>17,190,908</b>	<b>723,795</b>	<b>12,300,000</b>	<b>640,995</b>

The following options were granted during the year ended 30 June 2022:

- (i) This represents the value attributed to 800,000 unlisted options exercisable at \$0.60 issued to a Director of the Company.
- (ii) This represents options issued as free attaching options to the 8,181,818 shares issued on 4 April 2022 via a private placement to sophisticated investors.

### 21.3. Share options exercised during the year

No share options were exercised during the year (2021: Nil).

## Notes to the financial statements

For the year ended 30 June 2022

### 22. Share-based payments

Options granted during the year detailed in Note 21.2 as Share-based Payments are as follows;

	2022 \$	2021 \$
Total share-based payments for the year	82,800	640,830
Share-based payments recognised as capital raising costs	-	(85,965)
Share-based payments expense	<b>82,800</b>	<b>554,865</b>

#### *Movement in share-based payment arrangements during the year*

A summary of the movements of all Company options issued as share-based payments is as follows:

	2022		2021	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Balance at beginning of year	12,300,000	0.3000	-	-
Granted	800,000	0.6000	12,300,000	0.3000
Exercised <sup>(i)</sup>	-	-	-	-
Expired	-	-	-	-
	<b>13,100,000</b>	<b>0.3183</b>	<b>12,300,000</b>	<b>0.3000</b>
<i>Reconciliation to total Company options</i>				
Non share-based payments options outstanding at the end of the year	4,090,908		-	
Non share-based payment options exercised or expired	-		-	
<b>Total Company options on issue</b>	<b>17,190,908</b>		<b>12,300,000</b>	

- (i) No share-based payment options were exercised during the year.
- (ii) The weighted average remaining contractual life of share-based payment options outstanding at year end was 1.35 years (2021: 2.28 years)
- (iii) The fair value of the options granted to directors and employees is deemed to represent the value of the employee services received over the vesting period.

### 23. Approval of financial statements

The financial statements were approved by the Board of directors and authorised for issue on 29 September 2022.

## ASX Additional Information as at 27 September 2022

### Ordinary share capital

63,181,818 fully paid ordinary shares are held by 1,073 shareholders.

### Distribution of holdings

Category (size of holding)	Number of Ordinary Shares	Number of holders	% holding
1 - 1,000	44,897	66	0.070
1,001 - 5,000	786,747	285	1.250
5,001 - 10,000	1,413,376	172	2.240
10,001 - 100,000	16,146,258	462	25.560
100,001 and over	44,790,540	88	70.890
	<b>63,181,818</b>	<b>1,073</b>	<b>100.000</b>
Holder with an unmarketable parcel		72	

Each ordinary share is entitled to vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

There are no current on-market buy-back arrangements for the Company.

### Substantial Holders

Holder Name	Number of Ordinary Shares	% holding
Redland Plains Pty Ltd	7,605,866	12.03
Fathom Geophysics Australia Pty Ltd	5,200,000	8.23
Dr Robert Angus Castle Stuart	5,160,000	8.17
West Coast Geoscience Pty Ltd	5,100,000	8.07

### Options

The unlisted options of the Company summarised below do not have any voting rights attaching.

- 10,650,000 unlisted \$0.30 options expiring 31 October 2023 are held by 11 option holders.

### Distribution of holdings

Category (size of holding)	Number of unlisted options	Number of holders	% holding
1 - 1,000	-	-	0.000
1,001 - 5,000	-	-	0.000
5,001 - 10,000	-	-	0.000
10,001 - 100,000	-	-	0.000
100,001 and over	10,650,000	11	100.000
	<b>10,650,000</b>	<b>11</b>	<b>100.000</b>

As required under listing rule under ASX listing rule 4.10.16, one shareholder holds over 20% of this class of options. The holder is Fathom Geophysics Australia Pty Ltd

2. 1,650,000 unlisted \$0.30 options expiring 12 November 2023 are held by 1 option holder.

**Distribution of holding**

Category (size of holding)	Number of listed options	Number of holders	% holding
1 - 1,000	-	-	0.000
1,001 - 5,000	-	-	0.000
5,001 - 10,000	-	-	0.000
10,001 - 100,000	-	-	0.000
100,001 and over	1,650,000	1	100.000
	<b>1,650,000</b>	<b>1</b>	<b>100.000</b>

The holder is Berne No. 132 Nominees Pty Ltd

3. 800,000 unlisted \$0.60 options expiring 30 November 2024 are held by 1 option holder.

**Distribution of holding**

Category (size of holding)	Number of listed options	Number of holders	% holding
1 - 1,000	-	-	0.000
1,001 - 5,000	-	-	0.000
5,001 - 10,000	-	-	0.000
10,001 - 100,000	-	-	0.000
100,001 and over	1,650,000	1	0.000
	<b>1,650,000</b>	<b>1</b>	<b>100.000</b>

The holder is Susan Leonie Murray

4. 4,090,908 unlisted \$0.50 options expiring 2 June 2025 are held by 119 holders.

**Distribution of holding**

Category (size of holding)	Number of listed options	Number of holders	% holding
1 - 1,000	-	-	0.000
1,001 - 5,000	24,309	6	0.590
5,001 - 10,000	72,291	9	1.770
10,001 - 100,000	3,350,541	99	81.900
100,001 and over	643,767	5	15.740
	<b>4,090,908</b>	<b>119</b>	<b>100.000</b>

As required under listing rule under ASX listing rule 4.10.16, no shareholder holds over 20% of this class of options.

5. 225,000 unlisted \$0.35 options expiring 31 August 2025 are held by 3 holders

**Distribution of holdings**

Category (size of holding)	Number of unlisted options	Number of holders	% holding
1 - 1,000	-	-	0.000
1,001 - 5,000	-	-	0.000
5,001 - 10,000	-	-	0.000
10,001 - 100,000	-	-	0.000
100,001 and over	225,000	3	100.000
	<b>225,000</b>	<b>3</b>	<b>100.000</b>

As required under listing rule under ASX listing rule 4.10.16, three shareholders hold over 20% of this class of options. The holders are:

- David Laurance Farrell
- Louise Jane Henderson
- Susetta Holdings Pty Ltd

### Restricted securities

The Company has the following restricted securities on issue as at the date of this report.

Security Name	Total holdings
Fully paid ordinary shares escrowed for 24 months from the date of commencement of official quotation	15,190,000
Options exercisable at \$0.30 each on or before 31/10/23 escrowed for 24 months from the date of commencement of official quotation.	10,650,000
Options exercisable at \$0.30 each on or before 12/11/23 escrowed for 24 months from the date of commencement of official quotation.	1,650,000

### Twenty (20) largest shareholders - fully paid ordinary shares

Name	Number of Shares Held	% of Issued Capital
Redland Plains Pty Ltd	7,605,866	12.03
Fathom Geophysics Australia Pty Ltd	5,200,000	8.23
Dr Robert Angus Castle Stuart	5,160,000	8.17
West Coast Geoscience Pty Ltd	5,100,000	8.07
BNP Paribas Nominees Pty Ltd	3,060,847	4.84
Kingarth Pty Ltd	1,079,980	1.71
CSB Investments (WA) Pty Ltd	1,000,000	1.58
Mr Daniel John Jeater	598,725	0.95
Mr Randolph De Silva	517,213	0.82
Mr Philip David Reese	514,400	0.81
HS Superannuation Pty Ltd	500,017	0.79
Mr Kenneth Joseph Hall	500,000	0.79
Mr Charles Robert Todd & Ms Andrea Michelle Treble	500,000	0.79
Mine Maintenance Management Pty Ltd	500,000	0.79
BNP Paribas Nominees Pty Ltd	463,455	0.73
Ms Jane Elizabeth Wapshott	361,000	0.57
Mr Frank Weng Thong Chew	329,500	0.52
Ms Bronwyn Bergin	325,000	0.51
Mr Kostandinos Haralambopoulos	321,199	0.51
Mr Panayotis Haralambopoulos	320,522	0.51
	<b>33,957,724</b>	<b>53.75</b>

**Information pursuant to Listing Rule 4.10.19**

From the time of the Company's admission to the official list of the ASX on 18 December 2020 until 30 June 2022, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way that is consistent with its business objectives.

**Schedule of tenements held at balance sheet date**

<b>Location</b>	<b>Tenement ID</b>	<b>Type</b>	<b>Ownership</b>	<b>Titleholder</b>
Western Australia	E 0902303	LIVE	100%	Desert Metals Limited
Western Australia	E 0902330	LIVE	100%	Desert Metals Limited
Western Australia	E 0902331	LIVE	100%	Desert Metals Limited
Western Australia	E 0902351	LIVE	100%	Desert Metals Limited
Western Australia	E 5101901	LIVE	100%	Desert Metals Limited
Western Australia	E 5101907	LIVE	100%	Desert Metals Limited
Western Australia	E 5203650	LIVE	100%	Desert Metals Limited
Western Australia	E 5203665	LIVE	100%	Desert Metals Limited
Western Australia	E 5203741	LIVE	100%	Desert Metals Limited
Western Australia	E 5102083	PENDING	100%	Desert Metals Limited