DESERT METALS Limited

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Exploration Update
Airborne EM Survey Completed
Multiple New High Conductance anomalies detected

- **Multiple high conductance anomalies detected in new Airborne EM (AEM) data**
- **One new anomaly is close to an historic (1978) Western Mining Corporation (WMC) drillhole that recorded 0.59% Ni over 14m.**
- **Ground EM is planned to confirm the AEM conductors' exact locations, strength and orientation. Following the ground EM surveys, prioritized targets will be drill tested.**
- **Drilling of previously identified conductors in ultramafic rocks at Irrida Hill and Innouendy prospects has been delayed pending the reopening of access roads by the Murchison shire.**
- **Desert Metals' Narryer Project is developing into a "Camp" scale opportunity.**

Desert Metals Limited ("Desert" or the "Company") is pleased to announce preliminary results and interpretation of its recently flown 3047 line km EM survey. These data clearly show between 6 – 12 additional, discrete high conductance drill targets within 20km of the interpreted Craton margin (Figure1). These anomalies indicate the presence of conductive material. They could be nickel-copper sulphide mineralisation, they could also be caused by a number of uneconomic sources.

One target of particular interest lies approximately 100m from an historic WMC drill hole which returned 0.59% Ni over 14m (Figure 2). These were the highest Ni values recorded in the 52-hole percussion drilling programme completed in 1978. The WMC exploration programme was designed to test for chromite in a favourable tectonic setting and the anomalous Ni was not followed up. (WAMEX reports A7934 and A8056).

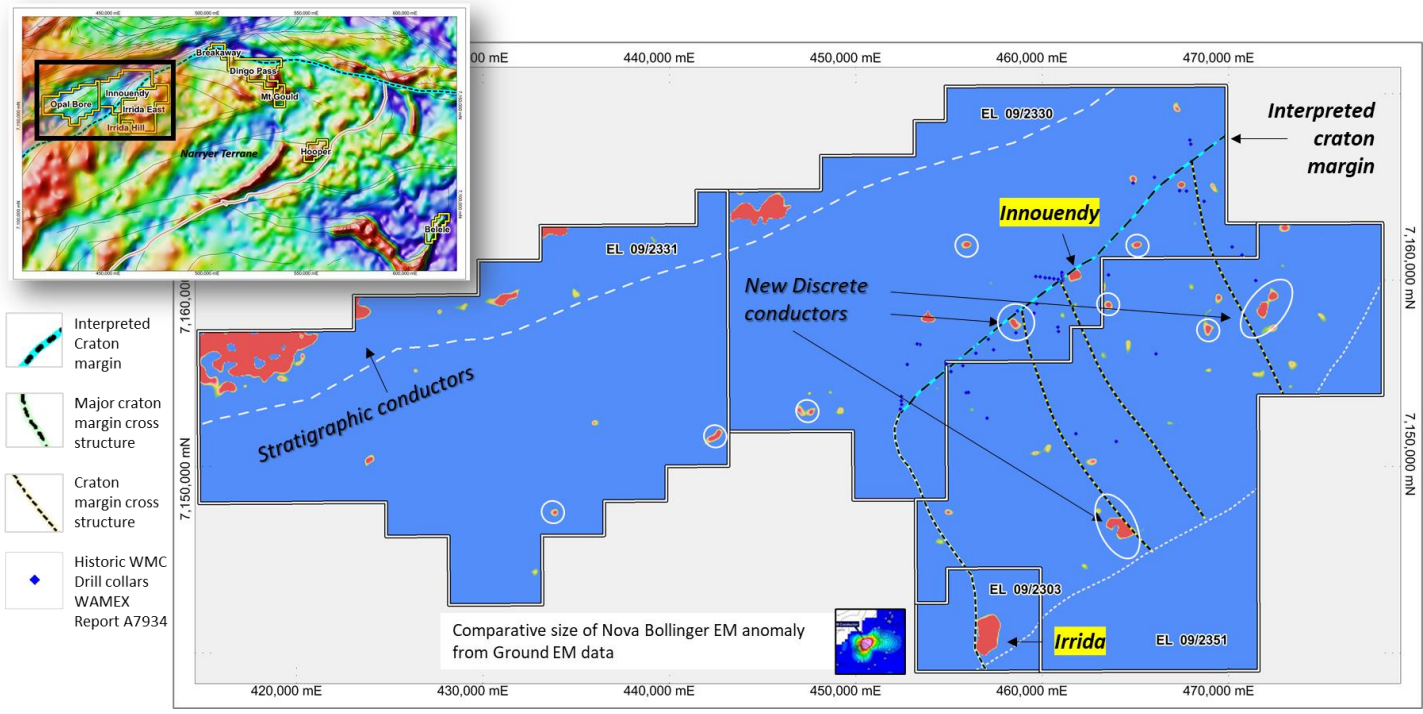

Figure 1. Main image: generated by applying hysteresis thresholding to preliminary late time dB/dT Tau (time constant) data. Nova Bollinger ground EM shown for geographic scale only. Top Left: DM1 tenements over crustal scale residual Bouguer gravity.

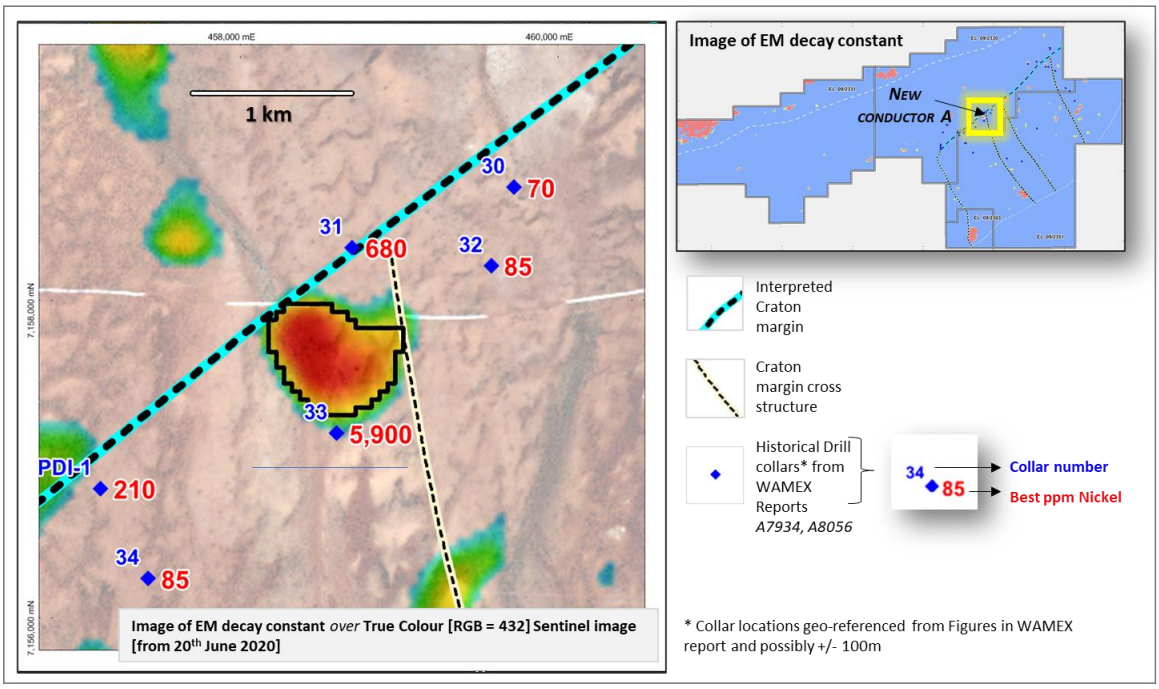

Figure 2. One of the new conductors on an interpreted structural break with adjacent historical drilling up to 5900ppm Ni. Image of EM decay constant *over* True Colour [RGB = 432] Sentinel image [from 20th June 2020]

Desert Metals Managing Director, Dr Rob Stuart, a geophysicist of 25 years' experience commented:

"In a large airborne EM survey such as this, several isolated late-time conductors are exactly what we want to see. Elongated features that extend over many kilometres tend to be caused by individual geological units. Ni-Cu mineralisation tends to form more discrete blobs. Fundamentally, what we were hoping for was a handful of discrete red conductors in a sea of non-conductive blue and that's exactly what we have. Work by Desert Metals identified this area as prospective several years ago and licenses were staked at a time when there was no competition for ground. We are exactly where we want to be, and it is extremely encouraging that on a camp scale we have these conductors on the Craton margin. It will be exciting to follow these up both with further interpretation of the airborne data and in the field with ground EM and then drill test them along with our already defined targets at Innouendy and Irrida."

Desert would also like to announce that due to the ongoing closure of the access roads after the once in a decade rain event earlier this month, the drilling programme at Innouendy and Irrida continues to be delayed and the drill rig has now been redeployed to another job. While the delay is unfortunate, it does allow for some follow up of the above mentioned additional targets and a possibly expanded drill program once drilling does commence. It is expected that the drill rig will become available at the end of March.

Authorised by the Board of Desert Metals Limited.

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Competent Person Statement

The information in this announcement is based on, and fairly represents, information and supporting documentation prepared by Dr Rob Stuart, a competent person who is a member of the Australasian Institute of Mining and Metallurgy. Dr Stuart has a minimum of five years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2012 Edition of the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Stuart is a related party of the Company, being a Director, and holds securities in the Company. Dr Stuart has consented to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. The information in this announcement was first released by the Company in its IPO prospectus dated 18 December 2020, and released on the ASX market announcements platform on 18 December 2020 (Prospectus). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus.

JORC Code, 2012 Edition – Table 1 report

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• DM1 is reporting a new airborne electromagnetic survey at the Narryer Project. The survey, flown by New Resolution Geophysics Australia (NRG), was flown over tenements E09/2330, E09/2331, E09/2303 and E09/2351. • Airborne magnetic and electromagnetic data were acquired using NRG's Xcite™ Airborne Electromagnetic (AEM) system. In total, 3047-line kms of data were collected along 400m spaced survey lines oriented east west including 145 –line kms of 200m spaced infill. The Xcite™ system specifications are as follows: • Sensor Configuration: Coincident Transmitter-Receiver [Tx-Rx] • Altitude of Tx-Rx array: 30 to 40m • Tx loop diameter: 18.4m • Tx number of turns: 4 • Tx current: 235A • Tx Dipole Moment: 250, 000 NIA • Tx Base frequency: 25 Hz • Receiver [Rx] Coils: X & Z; concentric to Tx • Rx diameter: 0.613m [X], 1.0m [Z] • Rx number of turns: 200 [X], 100 [Z] • Altitude of helicopter: 60-70m • Altitude of magnetometer: mid-way between the bird [Tx-Rx array] and the helicopter. • Acquisition System: NRG RDAS II Measurements: dB/dT [integrated B-field]
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling conducted
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling conducted
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• No drilling/logging conducted

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No drill samples collected
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• EM System type: NRG XciteTM with coincident Tx-Rx sensor configuration • Transmitter: 18.4m diameter transmitter with 4 turns, 235A current, 250,000 NIA dipole movement, and 25Hz base frequency • Receiver: 0.613m (effective) (X), 1.0m (Z) diameter with 200 (X), 100 (Z) turns recording dB/dT and integrated B-field digitally at 624kbps • Acquisition system: NRG RDAS II • GPS System: Novatel DL-V3L1L2 • Magnetometer: single sensor Scintrex CS3 [airborne], NRG VER2 [base] • Laser altimeter: SF11/C (Loop), SF00 (helicopter) Time gate windows: 0.04 ms to > 11 ms • All historical assays are based on previous databases, within WAMEX reports and have been treated at face value. No validation or check assaying has been carried out by Desert Metals.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Data detailed in this report have been reviewed and processed by Fathom Geophysics. Identification of possible bedrock conductors is preliminary as only preliminary data have been received at this stage.Data presented by applying hysteresis thresholding to preliminary late time dB/dT Tau (time constant) data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• On-board DGPS positioning of all data locations • Primary data was acquired under the GDA94/MGA50 coordinate system • Radar Altimeter with +- 1 metre of accuracy • Navigational/position accuracy +- 1 metre
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Survey lines were spaced 400 metres apart with an average sensor height of 32 metres above ground level. • Infill lines were spaced at 200m • NA. No resource estimation is made

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralized structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Traverses were oriented east-west in order to cross cut stratigraphy
Sample security	• *The measures taken to ensure sample security.*	• All data collected under strict security measures by contractor
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data*	• Contractor conducted normal reviews and confirmation of geophysical data

Section 2 Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownershipincluding agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along withany known impediments to obtaining a licence to operate in thearea.*	• Surveys were conducted within DM1 100% owned Exploration Licenses E09/2331, E9/2330, E09/2351 and E09/2303 • DM1 has a heritage agreement with Wajarri Yamatji for licenece E09/2303 and is negotiating agreements for the licenses E9/2331, E9/2330 and E09/2351. • All tenements are in good standing with DMIRS. DM1 is unaware of any impediments for exploration on these licenses
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The tenement has had very limited published or open file exploration work for magmatic nickel-copper-sulphide type deposits. • Limited exploration undertaken to date by past explorers was mostly focused on iron ore, and, to a lesser extent, gold. • The main exploration that is relevant to Desert Metals was conducted by Aurora Minerals Ltd and is described in the prospectus downloadable from the companys' website
Geology	• *Deposit type, geological setting and style of mineralisation*	• Mineralisation anticipated to be related to mantle-derived intrusives intersected by trending linear structures.

Drill hole information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes*
	  ◦ *easting and northing of the drill hole collar*
	  ◦ *elevation of RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ◦ *dip and azimuth of the hole*
	  ◦ *down hole length and interception depth*
	  ◦ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• No drilling conducted

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No drilling conducted
Relationship between mineralisation widths and intercepts lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known')*	• No mineralization widths or intercepts collected
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being* • *reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• See text for typical plans.
Balanced Reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All geophysical data results reported
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All known and relevant data reported
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Follow up ground EM data collection and drilling is needed once permitting is received to confirm geophysical investigations and observations