

ASX RELEASE
4 December 2023

Desert Metals to acquire gold and lithium projects in Côte d'Ivoire

HIGHLIGHTS

- Desert Metals Limited (**Desert Metals, DM1** or the **Company**) has entered into a binding agreement to **acquire 100% of Côte d'Ivoire gold and lithium explorer CDI Resources Limited (CDI)**
- CDI holds interests in **seven gold and lithium projects** covering **2,769km²** of granted mineral permits and permit applications including the following:
 - **Tengrela South gold project** comprising a granted mineral exploration permit 30km south and along strike of the Sissingué operating gold mine and 10km north of the Atex lithium discovery. **Significant gold mineralisation** has been identified in historic drilling including **8m at 30.0g/t gold from 52m, 14m at 5.9g/t gold from 60m, and 40m at 1.0g/t gold from 4m (refer to Schedule 2 for further details);**
 - **Adzope gold project** (application) that has extensive and broad alluvial, eluvial and hard-rock gold mineralisation across the entire project area including a **+2km-long sequence of artisanal gold operations** in the northeast providing an immediate drill target; and
 - **Agboville lithium project** comprising over 1,000km² of mineral permit applications made over areas of the **eastern pegmatite fields** of Côte d'Ivoire where **lithium, beryllium, tantalum and rare earth mineralisation** have been previously identified in government mapping.
- Côte d'Ivoire has **8 operating gold mines** held by major gold producers including **Barrick Gold, Endeavour Mining** and **Perseus Mining**, and is considered a premier destination for mining investment with significant untapped mineral potential
- The acquisition aims to **add further value** to Desert Metal's existing portfolio of nickel, rare earth and gold assets in Western Australia's Yilgarn Craton
- Experienced ASX director **Stephen Ross** is to join the Desert Metals Board as a Director and Technical Manager of the Ivorian projects on completion of the acquisition
- **CPS Capital Group Pty Ltd (CPS)** appointed as Broker and Corporate Advisor to Desert Metals to conduct a conditional share placement to sophisticated and professional investors at \$0.0325 per share with an attaching 1 for 2 option to raise up to **\$2.5 million** (before costs) to fund **exploration activities over the next 12 months**

Desert Metals Limited (ACN 617 947 172) (**ASX:DM1**) is pleased to announce it will acquire gold and lithium projects in West Africa via a binding agreement to acquire 100% of the issued share capital of Côte d'Ivoire mineral explorer **CDI Resources Limited** (ACN 654 999 210) (**CDI**) (the **Acquisition**).

CDI has two wholly owned subsidiaries, CDI Minerals Pty Ltd (ACN 652 433 915) (**CDIM**) and CDI Lithium Pty Ltd (ACN 668 700 025) (**CDIL**). Via CDIM, CDI currently owns a 51% interest in Smart Mineral Exploration Côte d'Ivoire SARL (**SMEX**), which holds the flagship Tengrela South Project and has a right to earn up to an 80% interest.

In addition, CDI has the rights to earn a majority interest in six additional mineral exploration projects in Côte d'Ivoire under low-cost joint venture arrangements including:

- i **Adzope gold project** (application) and **Agboville lithium project** (3 applications) in southeastern Côte d'Ivoire.
- ii **Vavoua and Vavoua West gold projects** (two applications) in central west Côte d'Ivoire; and
- iii **Kounahiri** (granted and subject to renewal) and **Kounahiri West gold projects** (application) in central Côte d'Ivoire.

Summaries of the agreements giving rise to majority interests and earn-in rights are set out in the Schedule to this announcement.

Desert Metal's Managing Director Robert Stuart commented on the Acquisition:

“DM1 is extremely pleased with the acquisition of CDI Resources Limited. CDI has an impressive portfolio of highly prospective gold and lithium projects in Côte d'Ivoire including, in particular, the Tengrela South project in the multi-million-ounce Syama-Boundiali greenstone belt. This project is well advanced, has outstanding historical results, and is particularly exciting, given its location within 30km of Sissingué gold mine and 10km of the Atex lithium discovery.

The Acquisition will also strengthen the DM1 Board by appointing highly experienced ASX director and West African operator Stephen Ross as a Director.

Adding to the Company's rare earth discoveries at Innouendy and Dingo Pass and its nickel, copper and gold projects in Western Australia's Yilgarn Craton, we look forward to unlocking the gold and lithium potential on this exciting portfolio over the next 12 months. The Board believes this is an exceptional opportunity to create value for its shareholders.”

[CDI Resources Limited Projects Overview](#)

CDI Resources Limited has the right to earn an interest in 7 projects comprising 9 mineral permits covering 2,769km² in Côte d'Ivoire. Figure 1 shows the project locations underlain with the highly prospective geology of Côte d'Ivoire.

Figure 1: CDI Resources Limited location and geological plan



Previous Exploration

Tengrela South Gold Project (284.74km²; granted)

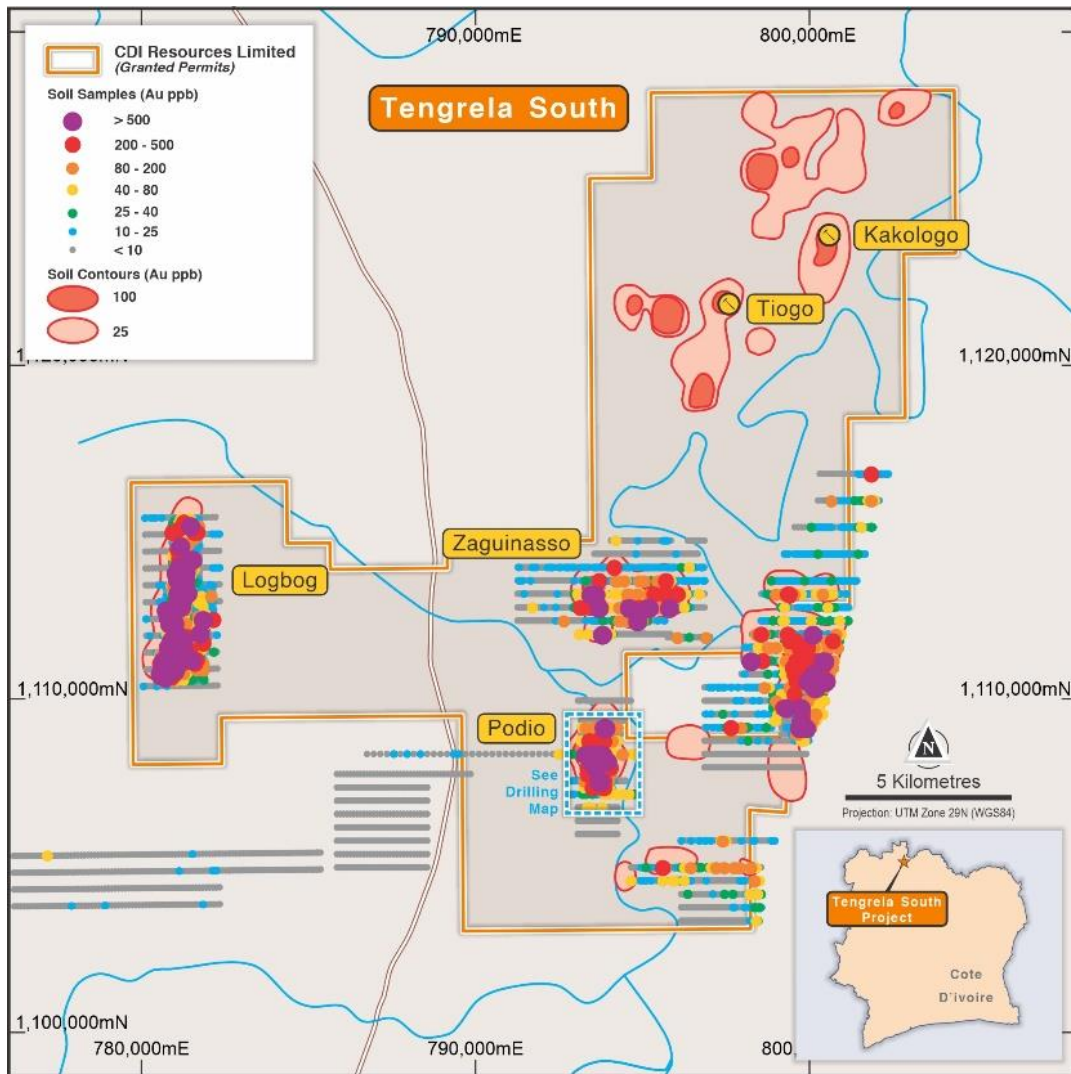
The Tengrela South Project is located in the far north of Côte d'Ivoire, approximately 725km from the capital city Abidjan. It is accessed by the asphalted national highway linking the north of the country to the south.

Tengrela South is strategically located approximately 30km south of Perseus Mining Limited's (ASX:PRU) Sissingué gold mine, which has produced over 500,000 ounces of gold since 2018; and 10km north of the significant Atex lithium discovery made by Firering Strategic Minerals plc (AIM:FRG) in joint venture with Atlantic Lithium Limited (ASX:A11) associate Ricca Resources Limited.

The Tengrela South Project area is located within the northern portion of the gold-prolific Syama-Boundiali Greenstone Belt that hosts numerous multi-million-ounce gold deposits including Sissingué, Syama and Tongon. This belt exhibits numerous geological similarities to the well-explored multi-million-ounce Ashanti Gold Belt in Ghana where gold is discovered within Birimian volcanics and metasediments proximal to granite contacts.

Historical work completed to date at Tengrela South by various parties, including Randgold Resources, Occidental Gold, Perseus Mining Limited, and Exore Limited, includes soil geochemical sampling (See Figure 2 and Schedule 2), airborne geophysical surveys, rotary air blast (RAB), reverse circulation (RC), and diamond drilling. More than 55,000m of drilling has been completed from 2010 to date over five prospects including the Podio, Logbog and the Zaguinasso prospects. The most significant amount of drilling completed within the project area has been undertaken over the Podio prospect.

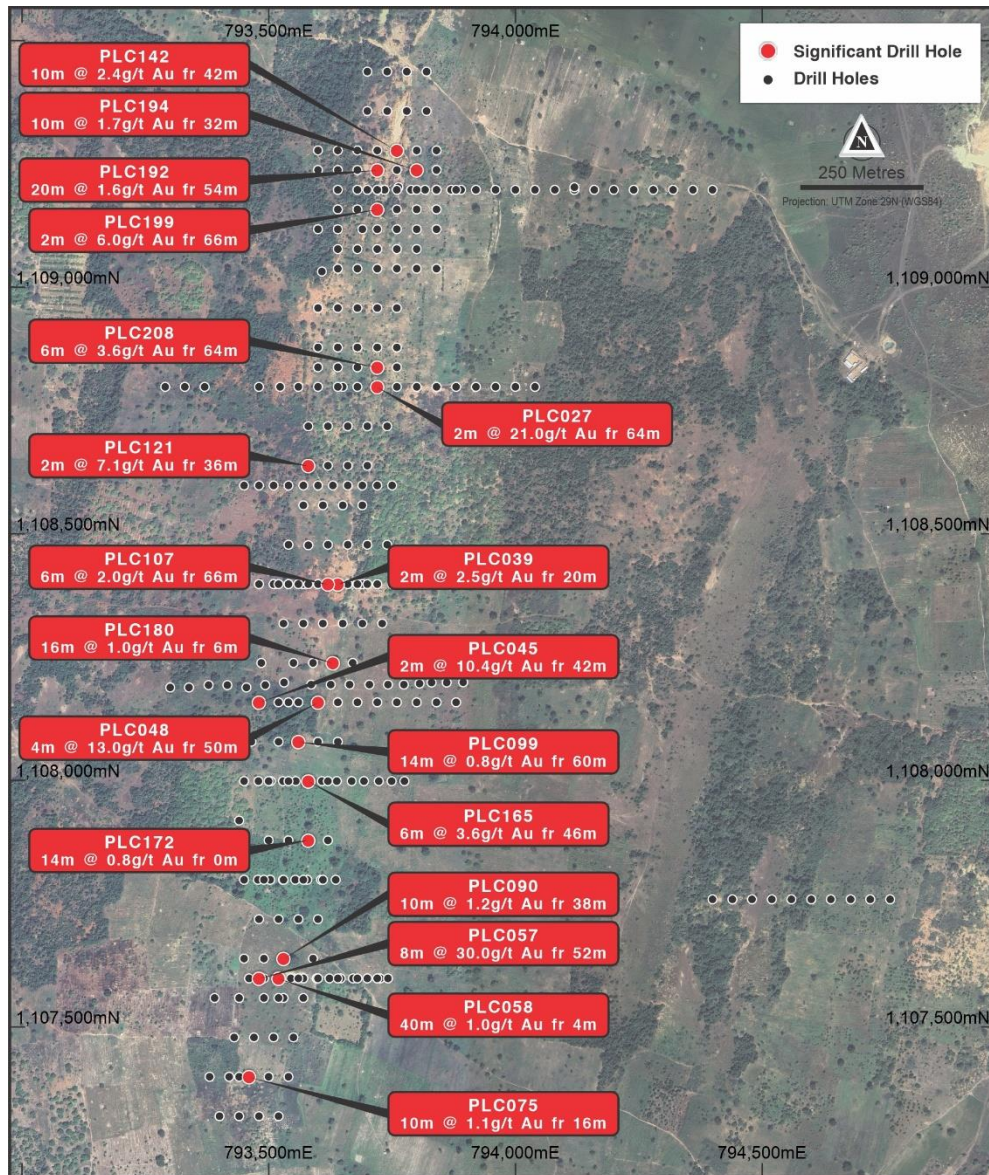
Figure 2: Tengrela South gold prospects (See Schedule 2)



Exploration data shows a clear 2km-long mineralised trend from drill intercepts over the Podio prospect and a 3.5km mineralised trend over the Logbog prospect. Shallow intercepts at Podio include **8m at 30.0g/t gold from 52m, 14m at 5.9g/t gold from 60m and 40m at 1.0g/t gold from 4m**. See Figure 3. Shallow intercepts at Logbog include **2m at 37.8g/t gold from surface and 4m at 13.1g/t gold from 10m**. See Schedule 2 for the Cautionary Statement on historical Exploration Results including previous soil sampling and drilling.

Drilling over Zaguinasso has been undertaken on a very wide grid spacing and requires further drilling to establish a coherent trend. Desert Metals anticipates it will be able to generate JORC-compliant Mineral Resource estimates at these prospects in the near term.

Figure 3: Podio gold prospect significant intercepts (See Schedule 2)



Between September and December 2022, CDI Resources completed an extensive auger program of 350 auger holes for 4,329m at the Podio prospect and its interpreted extensions which returned significant anomalous gold, and a follow-up soil sampling program has been completed in Q3 2023. Aircore drilling is planned for Q4 2023.

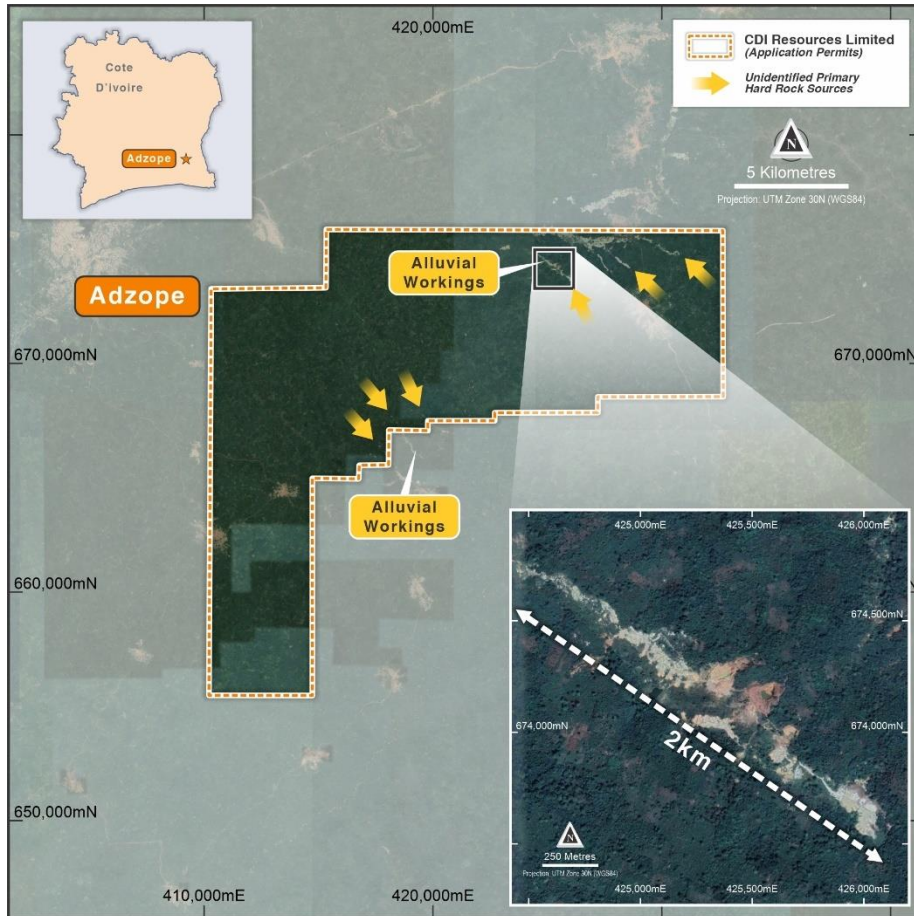
Adzope Gold Project (228.56km²; application)

The Adzope gold project is located approximately 90km north-northeast of the capital city of Abidjan and is situated in the department of Lagunes in southern Côte d'Ivoire. The well-maintained national highway between Abidjan and Adzope accesses the Adzope gold project.

Adzope is within the Comoé Basin, consisting of Birimian metasediments with intrusions of granitoids. Gold mineralisation is characterised by hydrothermal veins associated with shear-zones, and three generations of quartz veins have been identified for potential gold mineralisation.

The Adzope gold project has never been subject to modern gold exploration. Extensive and broad alluvial gold mineralisation is evident across the entire permit area, including a number of deeper pits that appear to be mining in situ bedrock hosted veins. This in situ bedrock mineralisation within a +2km long sequence of artisanal gold operations in the northeast of the license provides an extensive and immediate target for exploration and drilling. See Figure 4 below.

Figure 4: Adzope gold project and artisanal workings



CDI considers the artisanal gold operations a priority target and is working with the joint venture partners to have this permit granted so exploration can commence in the first half of 2024. Upon granting RC drilling will immediately commence in the northeast portion of the permit area.

Agboville Lithium Project (1,011km² total; 3 applications)

The Agboville lithium project consists of three mineral permit applications of 378.6km², 375.17km² and 257.32km² located approximately 80km north of Abidjan. The permit applications are located in the department of Lagunes in southern Côte d'Ivoire and are accessed via the well-maintained national highway between Abidjan and Agboville.

The applications have been made over areas of the eastern pegmatite fields of Côte d'Ivoire and cover areas of intrusive granites, monzogranites, granodiorites and biotite granites. A distinct intrusive is evident in regional geophysics in the northeast of the permit areas, and lithium, beryllium, tantalum and rare earth mineralisation was identified in government mapping the 1960's and 1970's.

The permit application areas have never been subject to modern mineral exploration. Geophysics, mapping, rock chipping, soil geochemistry and trenching are planned to identify lithium host rocks analogous to lithium mineralisation discovered at the Ewoyaa lithium project in Ghana and the Goulamina lithium project in Mali.

Kounahiri (293.47km²; granted, renewal pending) and Kounahiri West (338.48km²; application) gold and lithium projects

The Kounahiri and Kounahiri West projects are located in central Cote d'Ivoire, approximately 400km northwest of the capital city of Abidjan and 50km west of the regional capital Bouake. It is accessed by the asphalted national highway linking the north to the south.

The Kounahiri project is located approximately 150km northeast of Tietto Mineral's Abujar deposit which is situated along the margin between granitoids and the Birimian greenstone belt along a NE–SW trending shear zone. The 270,000-ounce per annum Yaouré gold mine operated by Perseus Mining Limited is 90km south of the Kounahiri Project. There is an existing geochemical gold anomaly over the project area and the observed presence of pegmatites that could be prospective for lithium on the project.

Work completed to date at the Kounahiri project comprises stream sediment sampling, soil geochemical sampling completed on a 400 x 100m grid, and 327 auger holes for 2,141m to an average depth of 6.5m. A phase 2 program comprising 44 auger holes for 399m to an average depth of 9m was completed shortly after the initial auger work. This work has confirmed a 15km-long gold-in-soil anomaly striking NNE with possible parallel anomalies. This target appears open to the north and south and presents an exciting opportunity.

Vavoua (378.25km²) and Vavoua West (234.31km²; applications) gold projects

The Vavoua Project is located approximately 70km southwest of Seguela, 80km north of Daloa and approximately 140km northwest of Yamoussoukro, the administrative capital of Cote d'Ivoire. The project can be accessed from Abidjan by road using the asphalt national highway through Yamoussoukro.

The Vavoua project lies 70km directly on strike from the same magnetic structure that hosts the 3.3 million-ounce Abujar gold project held by ASX-listed Tietto Minerals Limited. The Vavoua permit covers 23km of this SW-NE trending structure continuously. A recent site visit to the project observed outcropping geology including diorite, weathered granitoid and quartz-mica schist. This structure is systematically explored via re-processing the aeromagnetic data and field mapping followed by an evenly spaced auger program for the entire 23km of the magnetic structure.

Vavoua and Vavoua West are greenfield exploration projects that have not been subject to modern mineral exploration. Both projects are located within prospective geology and require systematic exploration to determine their gold mineralisation potential.

Côte d'Ivoire Mining Industry*

Côte d'Ivoire has significant untapped mineral potential and a government committed to growing the mining sector, making it an attractive destination for mining investments in West Africa. Côte d'Ivoire has enjoyed political stability and steady economic growth of 7% in recent years. The government has prioritized strengthening security, improving infrastructure like roads and ports, and establishing special economic zones to facilitate foreign investment.

Gold production has expanded rapidly, rising from 400,000 ounces in 2012 to 1.5 million ounces in 2022. There are eight operating gold mines in Côte d'Ivoire operated by global mining firms including Barrick Gold, Endeavour Mining and Perseus Mining. As of June 2022, Côte d'Ivoire had granted 124 exploration permits.

* <https://www.cruxinvestor.com/posts/cote-divoire-an-emerging-mining-hotspot-in-west-africa>

Key Acquisition Terms

In consideration for the Acquisition, the Company has agreed to issue the shareholders of CDI (**CDI Vendors**) a total of 75,000,000 fully paid ordinary shares in the capital of the Company (**Shares**), subject to shareholder approval (**Consideration Shares**).

Settlement of the Acquisition (**Settlement**) is conditional upon the satisfaction (or waiver) of the following conditions precedent:

- a) Completion of financial, legal and technical due diligence on CDI by the Company, to its satisfaction;
- b) CDI having completed the acquisition of a 51% interest in Smart Mineral Exploration Côte d'Ivoire SARL (**SMEX**), which holds 100% of the flagship Tengrela South Gold Project;
- c) Key CDI Vendors procuring the agreement of the remaining CDI Vendors to sell their shares in CDI to the Company;
- d) DM1 having received firm commitments from sophisticated and professional investors for placement of fully paid ordinary shares in the Company at an issue price of \$0.0325 per share (**Placement Shares**) to raise not less than \$2.5 million;
- e) DM1 receiving shareholder approval for Settlement to occur (including the issue of the Consideration Shares and Placement Shares);
- f) DM1 obtaining all necessary regulatory, shareholder and third-party approvals to allow the Company to lawfully complete the Acquisition; and
- g) no material adverse change in the circumstances of DM1 or CDI prior to Settlement.

The binding agreement otherwise contains terms considered standard for an agreement of its type, including representations and warranties and indemnities from both parties.

Board changes

DM1 proposes to appoint experienced ASX director Stephen Ross (BSc (Geology), FFin, MAusIMM, MAICD) as a Director in connection with the Acquisition. Mr Ross has a 25-year history with West Africa, having been based in Ghana for many years managing a geological consultancy, and is a former director of West African Resources Limited (ASX: WAF) and Azumah Resources Limited.

Mr Ross is a geologist, independent consultant, and public company director who has been involved in the international minerals industry in technical, business development, and corporate positions for 30 years. He is also non-executive Chairman of Power Minerals Limited and a non-executive director of Pinnacle Minerals Limited, Summit Minerals Limited and Trigg Minerals Limited.

Tony Worth and Keith Murray will resign as directors of the Company with effect from Settlement of the Acquisition. Accordingly, on completion of the Acquisition, the Board will comprise Non-Executive Chair Mark Stewart, Managing Director Robert Stuart, and Director Stephen Ross.

Share Placement

DM1 will undertake a conditional share placement to raise a minimum of \$2.5 million via the issue of fully paid ordinary shares at an issue price of \$0.0325 per share (3.25 cents) (**Placement Shares**) to sophisticated and professional investors (**Placement**). Investors in the Placement will receive one (1) free-attaching option for every two (2) shares issued, exercisable at a price of \$0.06 on or before 31 December 2025 (**Placement Options**). The issue price of the Placement Shares represents a 16.7% discount to the last traded price of DM1 shares of \$0.039 and an 18.75% discount to the 10-day VWAP of \$0.04. The Placement (~77 million Placement Shares and ~38.5 million Placement Options) will be completed subject to shareholder approval at an extraordinary general meeting of the Company to be convened to approve the Acquisition.

The Placement Shares will rank equally with DM1's existing shares. It is anticipated funds raised from the Placement will be applied toward expenditure on the Company's existing projects, expenditure on the CDI Projects and working capital and corporate administration in the following manner.

12-month budget of \$2.5 million for Western Australia and Côte d'Ivoire exploration

Assuming the Company raises \$2,500,000 under the Placement, this will increase the Company's cash position to approximately \$3,250,000. It is proposed that the Company's existing cash (together with funds raised under the Placement) will be applied in the next 12 months as follows:

Item	Amount
Current (DM1 and CDI cash)	\$750,000
Placement	\$2,500,000
Total	\$3,250,000
Estimated costs of the Proposed Acquisition and Placement	\$250,000
Expenditure on the Existing Assets ¹	\$1,250,000
Expenditure on the CDI Projects ²	\$1,500,000
Working capital and corporate administration	\$250,000
Total	\$3,250,000

Expenditure on the Company's existing projects will consist of drilling beneath historic gold workings at the Mt Opal Project seeking extensions to mineralisation, collecting ground geophysical data and drilling any conductive features for copper sulphide-VMS style mineralisation at the Little Gap Well Project, and drilling nickel – copper intrusive targets at the Dingo Pass Project.

Project	Item	Amount	
Mt Opal	RC and DDH drilling	\$200,000	
Little Gap Well	Ground EM - geophysics	\$50,000	
	RC and DDH drilling	\$150,000	
Dingo Pass	REE	Aircore resource definition drilling	\$100,000
	Ni-Cu	Geological mapping, soil sampling	\$100,000
		Ground EM- geophysics	\$50,000
		RC and DDH drilling	\$150,000
Innouendy	REE	Aircore resource definition drilling	\$100,000
	Ni-Cu-PGE graphite	RC drilling	\$100,000
	Dingo REE Metallurgical testing	Metallurgical testing	\$50,000
Belele	Airborne / Ground EM	\$50,000	
	Aircore drilling	\$150,000	
Total		\$1,250,000	

Expenditure on the Côte d'Ivoire projects will concentrate initially on defining a gold resource at Tengrela South and, once granted, discovering bedrock mineralisation on the Adzope license.

Project	Item	Amount
Tengrela South	Geophysics & LIDAR	\$50,000
	Soil sampling	\$50,000
	Aircore drilling	\$250,000
	RC and DDH drilling	\$400,000
Adzope (subject to granting)	Geophysics and LIDAR	\$50,000
	Aircore drilling	\$150,000
	RC and DDH drilling	\$250,000
Kounahiri (subject to renewal)	Soil sampling	\$50,000
	Aircore drilling	\$100,000
Agboville (subject to granting)	Geophysics & LIDAR	\$25,000
	Soil sampling	\$25,000
	Aircore drilling	\$100,000
Total		\$1,500,000

CPS Capital Group Pty Ltd has been appointed as lead manager to the Placement and will be paid a capital raising fee equal to 6% of the funds raised and 5,000,000 options on the same terms as the placement options.

Next steps

Shareholders are not required to take any action at this time. A notice of meeting convening a shareholder meeting to approve the Acquisition and the Placement will be distributed in due course in accordance with the indicative timetable set out below.

Proposed timetable

The proposed timetable in respect of the Acquisition and the Placement is as follows:

Event	Date
ASX announcement of the Acquisition and Placement	6 December 2023
Dispatch Notice of Meeting for General Meeting	15 December 2023
General Meeting to approve Acquisition and Placement resolutions	17 January 2024
Completion of Acquisition and Issue of Placement Shares and Placement Options	24 January 2024

This Announcement has been approved for release by the Board of Desert Metals Limited.

About Desert Metals Limited

Desert Metals Limited is an ASX-listed (ASX:DM1) mineral exploration and development company. DM1 has a portfolio of nickel and copper and base metal focused projects located in the northwest of the Yilgarn Craton of Western Australia. The Company's recent exploration at its Innouendy Project has highlighted the potential for high-grade Rare Earth Elements (REEs) and Platinum Group Elements (PGEs).

Competent Persons Statement

The information in this presentation that relates to Exploration Results in Côte d'Ivoire is based on information compiled by Stephen Ross, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy, who confirms that the information in the announcement is an accurate representation of the available data and studies for the Tengrela South Project. Stephen Ross is a director of CDI Resources Limited. Stephen Ross has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Stephen Ross consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears

Disclaimer

Some of the statements appearing in this announcement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which DM1 operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement. No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by several factors and subject to various uncertainties and contingencies, many of which will be outside DM1's control. DM1 does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of DM1, its directors, employees, advisors, or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.

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SCHEDULE 1 – CDI AGREEMENTS

Part 1 – Shareholders Agreement

Upon completion of the acquisition of a 51% interest in SMEX by CDIM, the shareholders of SMEX (being CDIM (51%), Diarra Yacouba (19.6%) and Diarrassouba Issouf (29.4%) with the latter two being the **Founder Shareholders**) will be bound by a shareholder's agreement to govern the activities of SMEX (**Shareholders Agreement**). The Shareholders Agreement has the following relevant terms:

- a) (**Manager**): For so long as CDIM holds 50% or more of the shares in SMEX, it is entitled to nominate the Manager.
- b) (**Management**):
 - i) The Manager is responsible for the general management of SMEX and particularly control and implementation of exploration activities and programmes at Tengrela South.
 - ii) Whilst CDIM is sole funding exploration expenditure it shall be entitled to unilaterally pass exploration budgets.
- c) (**Initial funding**): SMEX shall apply an initial Subscription Sum of 150,000,000 FCFA already funded by CDIM to fund all expenditure and otherwise meeting the working capital requirements of SMEX from time to time until such time as that amount is expended in full (**Initial Funding Period**).
- d) (**Subsequent funding**):
 - i) Once the Subscription Sum has been expended in full, CDIM will sole fund all expenditure via unsecured, interest free loans which, at periodic intervals, will convert into SMEX shares, thereby increasing CDIM's shareholding and diluting the Founder Shareholders. In order for the loans to convert to SMEX shares, CDIM must satisfy the following funding milestones:
 - A) (**Milestone 1**): From the period commencing from the expiry of the Initial Funding Period and ending 31 December 2023, CDIM must demonstrate that it has advanced an additional 150,000,000 FCFA (~A\$375,000), which CDIM has advised it is on-track to meet; and
 - B) (**Milestone 2**): Once Milestone 1 is satisfied, CDIM must demonstrate that it has advanced a further 300,000,000 FCFA (~A\$750,000) by 30 June 2025.
 - ii) Subject to the satisfaction of the relevant milestone, every 15,517,241 FCFA (~A\$38,793) converted will increase CDIM's shareholding in SMEX by 1% incrementally, capped at a maximum of 80% (**Maximum Interest**).

To illustrate the conversion mechanism, should CDIM satisfy Milestone 1 via the advance of 150,000,000 FCFA, then that amount would convert into that number of SMEX shares required to increase CDIM's interest from 51% by 9.6%, increasing its relevant interest to 60.6% and diluting the Founder Shareholders who would hold the same number of shares as they do now.

- e) (**Second subsequent funding**): Should CDIM earn up to the Maximum Interest, CDIM shall be required to sole fund all expenditure via unsecured, interest-free loans. These loans will be repaid to CDIM out of surplus cashflows arising from the Tengrela South Project or out of any change of control or trade sale (should it occur) in relation to SMEX.

The shareholders agreement otherwise contains terms and conditions considered standard for an agreement of its type, including pre-emptive rights in relation to transfer and issue of shares, representations and warranties and specifies matters requiring unanimous approval of all shareholders.

Part 2 – Earn-in Agreements

Agreement	Kounahiri		Vavoua	
Joint venture party	Generale Des Mines Et Carrieres S.A.R.L (GEMICA)		GEMICA	
Permit	PR 455	Status: Granted, pending renewal	PR 454	Status: Under application
Registered permit holder	GEMICA		GEMICA	
Annual expenditure due by	Renewal anniversary date		Grant anniversary date	
Accounting of expenditure contributions	All expenditure shall be treated as an interest-free loan on the funders' books		All expenditure shall be treated as an interest free loan on the funders' books	
Counterparty Contribution	GEMICA is recognised as having provided a A\$500,000 (200M FCFA) loan at the commencement date		N/A	
Minimum annual expenditure requirements (cumulative)	Amount	JV Interests (assuming earn-in met)	Amount	JV Interests (assuming earn-in met)
Year 1	A\$200,000 (80M FCFA)	CDI: 40% GEMICA: 60%	A\$200,000 (80M FCFA)	CDI: 40% GEMICA: 60%
Year 2	A\$425,000 (170M FCFA)	CDI: 60% GEMICA: 40%	A\$425,000 (170M FCFA)	CDI: 60% GEMICA: 40%
Year 3	A\$750,000 (300M FCFA)	CDI: 80% GEMICA: 20%	A\$750,000 (300M FCFA)	CDI: 80% GEMICA: 20%
Maximum JV interest following earn-in	80% participating		80% participating	
CDI's rights and obligations	GEMICA grants CDI the right to access the permit, direct exploration activities and direct development and mining operations on the permit at CDI's sole discretion. CDI shall consult with GEMICA on exploration programmes and budgets, but shall have the sole and exclusive right to develop those programmes set budgets and approve orders.		GEMICA grants CDI the right to access the permit, direct exploration activities and direct development and mining operations on the permit at CDI's sole discretion. CDI shall consult with GEMICA on exploration programmes and budgets, but shall have the sole and exclusive right to develop those programmes set budgets and approve orders.	
Sole funding	During the term of the agreement, CDI shall solely be responsible for financing exploration, development and operations on the permit.		During the term of the agreement, CDI shall solely be responsible for financing exploration, development and operations on the permit.	
Creation of NewCo	At any time following CDI having earned an 80% interest, CDI may require that the joint venturers incorporate a new joint venture company (Newco) as an Ivorian SPV having its sole corporate purpose as the exploration and development of the permit. The parties will enter into a shareholders' agreement in respect of NewCo to more fully document the governance and operations of NewCo.		At any time following CDI having earned an 80% interest, CDI may require that the joint venturers incorporate a new joint venture company (Newco) as an Ivorian SPV having its sole corporate purpose as the exploration and development of the permit. The parties will enter into a shareholders' agreement in respect of NewCo to more fully document the governance and operations of NewCo.	

<p>Option to acquire additional interest</p>	<p>At any time within 60 days of lodgement of the first application for an exploitation permit in relation to a deposit on the permit, CDI may acquire a further 10% participating interest (either by acquiring the interest of GEMICA or, if NewCo has been incorporated, by acquiring GEMICA's interest in NewCo) for a total of \$2,100,000 (840M FCFA).</p>	<p>At any time within 60 days of lodgement of the first application for an exploitation permit in relation to a deposit on the permit, CDI may acquire a further 10% participating interest (either by acquiring the interest of GEMICA or, if NewCo has been incorporated, by acquiring GEMICA's interest in NewCo) for a total of \$2,100,000 (840M FCFA)</p>
<p>Consulting arrangements</p>	<p>CDI has entered into a consultancy agreement with GEMICA to ensure that GEMICA will provide in-country project management and advisory services in respect of the Kounahiri Project for the period beginning on commencement of the joint venture and throughout the earn-in period until CDI has earned up to an 80% interest. GEMICA will be required to assist with progressing the renewal application. The annual fee payable to GEMICA (or its nominee) on and from renewal of the permit is A\$30,000 (12M FCFA). GEMICA has already been advanced A\$23,000 (10M FCFA) to assist with costs of obtaining renewal of the application.</p>	<p>CDI has entered into a consultancy agreement with GEMICA to ensure that GEMICA will provide in-country project management and advisory services in respect of the Vavoua Project for the period beginning on commencement of the joint venture and throughout the earn-in period until CDI has earned up to an 80% interest. GEMICA will be required to assist with progressing the application to grant. The annual fee payable to GEMICA (or its nominee) on and from grant of the permit is A\$30,000 (12M FCFA). GEMICA has already been advanced A\$23,000 (10M FCFA) to assist with costs of making application for the permit.</p>

Agreement	Vavoua West		Adzope	
Joint venture party	GEMICA		African Ressources SARL (ARS)	
Permit	0544DMICM31/03/2022 Status: Under application		0053DMICM04/02/2021 Status: Under application	
Registered permit holder	GEMICA		ARS	
Annual expenditure due by	N/A – no time commitments		Grant anniversary date	
Accounting of expenditure contributions	All expenditure shall be treated as an interest free loan on the funders' books		All expenditure shall be treated as an interest free loan in the permit holder's books	
Counterparty Contribution	N/A		N/A	
Minimum annual expenditure requirements (cumulative)	Amount	JV Interests (assuming earn-in met)	Amount	JV Interests (assuming earn-in met)
Year 1	A\$125,000 (50 million FCFA) minimum expenditure required before CDI Minerals can withdraw from the agreement.	CDI: 90% GEMICA: 10%	A\$250,000 (100 million FCFA) minimum expenditure required before CDI Minerals can withdraw from the agreement.	CDI: 0% ARS: 100%
Year 2			A\$675,000 (270M FCFA)	CDI: 51% ARS: 49%
Year 3			A\$1,425,000 (570M FCFA)	CDI: 60% ARS: 40% CDI interest increases to 80% once cumulative expenditure exceeds 570M FCFA
Maximum JV interest following earn-in	90% participating (upon grant of permit)		80% participating	
CDI's rights and obligations	GEMICA grants CDI the right to access the permit, direct exploration activities and direct development and mining operations on the permit at CDI's sole discretion. CDI shall consult with GEMICA on exploration programmes and budgets, but shall have the sole and exclusive right to develop those programmes set budgets and approve orders.		ARS grants CDI the right to access the permit, direct exploration activities and direct development and mining operations on the permit at CDI's sole discretion. CDI shall consult with ARS on exploration programmes and budgets, but shall have the sole and exclusive right to develop those programmes, set budgets and approve orders.	
Sole funding	During the term of the agreement, CDI shall solely be responsible for financing exploration, development and operations on the permit.		During the term of the agreement, CDI shall solely be responsible for financing exploration, development and operations on the permit.	

<p>Creation of NewCo</p>	<p>At any time CDI may require that the joint venturers incorporate a new joint venture company (Newco) as an Ivorian SPV having its sole corporate purpose as the exploration and development of the permit. The parties will enter into a shareholders' agreement in respect of NewCo to more fully document the governance and operations of NewCo.</p>	<p>At any time following CDI having earned an 80% interest, CDI may require that the joint venturers incorporate a new joint venture company (Newco) as an Ivorian SPV having its sole corporate purpose as the exploration and development of the permit. The parties will enter into a shareholders' agreement in respect of NewCo to more fully document the governance and operations of NewCo.</p>
<p>Option to acquire additional interest</p>	<p>At any time within 60 days of lodgement of the first application for an exploitation permit in relation to a deposit on the permit, CDI may acquire a further 5% participating interest (either by acquiring the interest of GEMICA or, if NewCo has been incorporated, by acquiring GEMICA's interest in NewCo) for a total of \$1,050,000 (420M FCFA).</p>	<p>At any time within 90 days of lodgement of the first application for an exploitation permit in relation to a deposit on the permit, CDI may acquire a further 10% participating interest (either by acquiring the interest of ARS or, if NewCo has been incorporated, by acquiring ARS's interest in NewCo) for a total of \$2,100,000 (840M FCFA).</p>
<p>Consulting arrangements</p>	<p>CDI has entered into a consultancy agreement with GEMICA pursuant to which the parties have agreed that GEMICA will provide in-country project management and advisory services in respect of the West Vavoua Project for the period beginning on commencement of the joint venture and throughout the earn-in period until CDI has earned up to an 80% interest. GEMICA will be entitled to an annual consultancy fee of A\$10,000 for these services.</p>	<p>ARS will provide in-country project management and advisory services in respect of the Adzope Project for the period beginning on commencement of the joint venture and throughout the earn-in period until completion of a feasibility study in exchange for an annual fee of 15mFCFA (A\$37,500). ARS will also be reimbursed 10mFCFA (A\$25,000) upon grant of the Adzope permit for costs incurred in the making of the application.</p>

Agreement	Agboville Lithium		Kounahiri West	
Joint venture party	Ivoire Lithium Resources SARL (ILR)		GEMICA	
Permit	0158DMICM26/01/23, 01570DMICM26/01/23 and 0175DMICM26/01/23	Status: Under application	0713DMICM04/27/2022	Status: Under application
Registered permit holder	ILR		GEMICA	
Annual expenditure due by	Grant anniversary date		N/A – no time commitments	
Accounting of expenditure contributions	All expenditure shall be treated as an interest free loan on the funders' books		All expenditure shall be treated as an interest free loan on the funders' books	
Counterparty Contribution	N/A		N/A	
Minimum annual expenditure requirements (cumulative)	Amount	JV Interests (assuming earn-in met)	Amount	JV Interests (assuming earn-in met)
Expenditure Timing	A\$75,000 (30 million FCFA) minimum annual expenditure required before CDI can withdraw from the agreement. Cumulative expenditure of A\$250,000 (100 million FCFA) over a three-year period following grant of the first permit required for CDI to earn a 85% interest	CDI: 85% ILR: 15%	A\$125,000 (50 million FCFA) minimum expenditure required before CDI Minerals can withdraw from the agreement.	CDI: 90% GEMICA: 10%
Maximum JV interest following earn-in	85% participating		90% participating (upon grant of permit)	
CDI's rights and obligations	ILR grants CDI the right to access the permit, direct exploration activities and direct development and mining operations on the permit at CDI's sole discretion. CDI shall consult with ILR on exploration programmes and budgets, but shall have the sole and exclusive right to develop those programmes, set budgets and approve orders.		GEMICA grants CDI the right to access the permit, direct exploration activities and direct development and mining operations on the permit at CDI's sole discretion. CDI shall consult with GEMICA on exploration programmes and budgets, but shall have the sole and exclusive right to develop those programmes set budgets and approve orders.	
Sole funding	During the term of the agreement, CDI shall solely be responsible for financing exploration, development and operations on the permit.		During the term of the agreement, CDI shall solely be responsible for financing exploration, development and operations on the permit.	

<p>Creation of NewCo</p>	<p>At any time following CDI having earned an 85% interest, CDI may require that the joint venturers incorporate a new joint venture company (Newco) as an Ivorian SPV having its sole corporate purpose as the exploration and development of the permit. The parties will enter into a shareholders' agreement in respect of NewCo to more fully document the governance and operations of NewCo.</p>	<p>At any time CDI may require that the joint venturers incorporate a new joint venture company (Newco) as an Ivorian SPV having its sole corporate purpose as the exploration and development of the permit. The parties will enter into a shareholders' agreement in respect of NewCo to more fully document the governance and operations of NewCo.</p>
<p>Option to acquire additional interest</p>	<p>At any time within 60 days of lodgement of the first application for an exploitation permit in relation to a deposit on the permits, CDI may acquire a further 10% participating interest (either by acquiring the interest of ILR or, if NewCo has been incorporated, by acquiring ILR's interest in NewCo) for a total of \$500,000 (200M FCFA).</p>	<p>At any time within 60 days of lodgement of the first application for an exploitation permit in relation to a deposit on the permit, CDI may acquire a further 5% participating interest (either by acquiring the interest of GEMICA or, if NewCo has been incorporated, by acquiring GEMICA's interest in NewCo) for a total of \$1,050,000 (420M FCFA).</p>
<p>Consulting arrangements</p>	<p>N/A but ILR must be reimbursed 8.1mFCFA (A\$20,000) upon grant of the first Agboville permit for costs incurred in the making of the applications.</p>	<p>N/A</p>

SCHEDULE 2 - Historical Exploration Results – Cautionary Statement.

The historical geochemical sampling, including LAG sampling and soil sampling, that defined the 5 main prospects at Tengrela South, and as shown in Figure 2, was conducted in various programs between 1998 and 2010 by previous owners Randgold Resources Limited, Occidental Gold SARL and Perseus Mining Limited. Desert Metals is in possession of an extensive geochemical database of over 24,000 samples that were taken during this period. This database specifies line spacing, sample spacing, sample size, screen size, assay technique and quality control measures, and this work is described in the technical report entitled “Technical Report – Tengrela Gold Project, Côte d'Ivoire” dated 22 December 2010 (available online at: <https://secure.kaiserresearch.com/i/jk/tr16/TRPRU20101222.pdf>) .

Nothing has come to the attention of Desert Metals that causes the Company to question the accuracy or reliability of the former owner's Exploration Results; but Desert Metals has not independently validated the former owner's soil sampling results and therefore is not to be regarded as reporting, adopting or endorsing those results.

Drilling results (Exploration Results) from Podio and Logbog presented in this announcement have been reported previously by the former owner of the Tengrela South project, ASX-listed Perseus Mining Limited. The source and date of the results are shown in the table of ASX announcements below.

The Exploration Results reported in 2010, 2011 and 2012 by Perseus Mining Limited were reported under the 2004 JORC Code. A summary of the work programs completed and a table of significant intercepts is included in the announcements listed in the table below. As a result, the reported Exploration Results -

- Have not been reported in accordance with the JORC Code 2012 and may not conform with the JORC Code 2012.
- A Competent Person has not done sufficient work to disclose the Exploration Results in accordance with the JORC Code 2012.
- It is possible that following further evaluation and/or exploration work that the confidence in the prior reported Exploration Results may be reduced when reported under the JORC Code 2012.
- Nothing has come to the attention of the Company that causes it to question the accuracy or reliability of the former owner's Exploration Results; but
- The Company has not independently validated the former owner's Exploration Results and therefore is not to be regarded as reporting, adopting or endorsing those results.

Desert Metals Limited intends to undertake further infill and extensional RC drilling at Podio, Logbog and other prospects at Tengrela South to confirm the tenor and continuity of gold mineralisation intersected by Perseus Mining Limited and other previous explorers. A significant portion of the 2024 budget is allocated to drilling at Podio, Logbog and other targets at Tengrela South.

**ASX Announcements referred to in Tengrela South drilling results for Podio and Logbog*

Date	Company	Announcement	Prospect
6 October 2010	Perseus Mining Limited	West African Exploration Update	Podio
27 March 2011	Perseus Mining Limited	Exploration Update Côte d'Ivoire	Podio
9 July 2012	Perseus Mining Limited	Exploration Update Ghana, Côte d'Ivoire	Podio
10 October 2012	Perseus Mining Limited	Exploration Update Côte d'Ivoire & Ghana	Logbog

Notes to the results reported in the table of ASX Announcements.

1. All holes are RC holes.
2. The type of analytical or testing utilised and sample size and the quality assurance program and quality control measures are consistent with those described in the technical report entitled "Technical Report – Tengrela Gold Project, Côte d'Ivoire" dated 22 December 2010.
3. Drill samples were assayed by 50g fire assay by ALS Mali SARL (a division of ALS Minerals) in Bamako, Mali.
4. Only exploration holes with combined intercepts of greater than 10 grams metres are included.
5. True widths of intercepts from the exploration holes are currently unknown.