

**ASX RELEASE 27 JANUARY 2022**

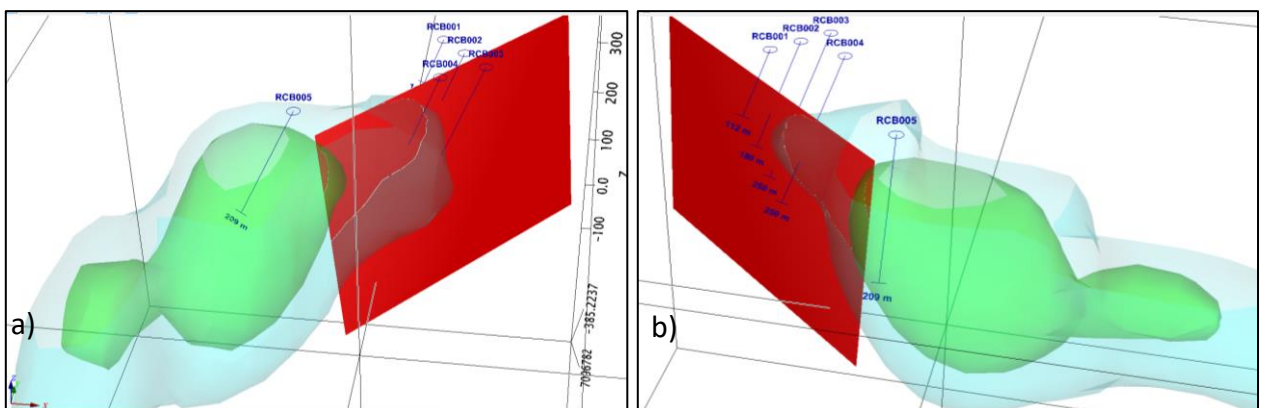
## Sulphide Mineralisation intersected at Belele

Desert Metals Limited (Desert Metals or the Company) is pleased to announce that its reverse circulation drilling program at Belele (see DM1 ASX announcement 21 January 2022) has intersected a zone of 5-15% pyrrhotite-pyrite-(+/- trace chalcopyrite) mineralisation in multiple holes. The sulphidic zone is coincident with strong to intense potassic alteration and shearing, indicative of an orogenic gold system. The zone was intersected in all holes designed to test the modelled conductor (RCB001, RCB002, RCB003 and RCB004). The maximum down-hole width of mineralisation was approximately 80m within hole RCB003, with the hole ending in mineralisation at 250m (the depth limit of the current rig).

Desert Metals now considers the targeted conductor to be explained by these intersections (Figure 1). A further hole (RCB005) was designed to test the semi-coincident magnetic anomaly and did not intersect a strong sulphide zone but did intersect a 30m zone of strong potassic alteration.

The sulphide zone is concealed by alluvial cover and has never been drilled or tested by previous explorers. Desert Metals originally considered the project prospective for either shear zone hosted (orogenic) gold or volcanogenic hosted massive sulphide (VMS) base metal deposits (DM1 ASX release 30 November 2021), with the drilling results fitting the orogenic gold mineralisation model. The Company is very encouraged by the visual results from these first ever holes drilled in this area, which confirm prospective hydrothermal alteration and shearing within the Mingah Range Greenstone Belt extending under cover into the licence. The results are preliminary in nature as no drill samples have been assayed, with results in this announcement coming from an observation of the samples by a suitably qualified and experienced geologist.

The Company is sending a batch of priority samples to the lab which, with further interpretation, will provide a preliminary indication as to whether these first holes have intersected gold mineralisation.



**Figure 1.** a) Oblique section looking north. Red- Modelled conductive plate. Blue/ Green - isosurfaces from 3d magnetic modelling.

b) ) Oblique section looking east. All 4 holes designed to test the conductor intersected the thick zone of sulphide mineralisation with intense potassic alteration and shearing.

**ASX RELEASE 27 JANUARY 2022**

Managing Director Dr Rob Stuart commented “This drilling presents a very encouraging zone of potential mineralisation that will be followed up with further drilling regardless of assay results. Confirmation that the greenstone belt extends under the Belele licence and that alteration has been intersected which is indicative of orogenic gold means that the Belele project will now be elevated to one of the Company’s top priority projects”.

On 24 January 2022 the Company applied for an additional 287 sq km licence along strike to the north of the current drilling which it now believes to be prospective.

## **Innouendy drilling started**

The 44 hole ~3000m Aircore drilling program designed to test PGE anomalism in recent diamond drilling and soil geochemistry at Innouendy (DM1 ASX announcement 20 December 2021) began on 25 January 2022. 10 holes (~400m) have been drilled so far and the program is expected to be complete within two weeks. The program will also follow up on an airborne EM anomaly adjacent to Ni anomalism in historic drilling (DM1 ASX announcement 26 February 2021). The conductor lies approximately 100m from an historic WMC drill hole which returned 0.59% Ni over 14m and is yet to be followed up with subsequent drilling.

This announcement has been approved by the Board of Desert Metals Limited

Rob Stuart  
Managing Director

admin@desertmetals.com.au  
+61 8 9758 1333

### **Competent Persons Statement**

*The information in this announcement that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Dr Rob Stuart, a competent person who is a member of the Australasian Institute of Mining and Metallurgy. Dr Stuart has a minimum of five years’ experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2012 Edition of the Joint Ore Reserves. Dr Stuart is a related party of the Company, being a Director, and holds securities in the Company. Dr Stuart has consented to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.*

# JORC Code, 2012 Edition – Table 1

## Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>• Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>• Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>• In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>• Sampling is yet to be done</li> <li>• Reverse Circulation (RC) drilling samples will be collected as 1m samples split from the rig cyclone using a cone splitter. These samples will then be stored securely on site. Approximately 1kg of sample will be collected from each metre interval and composited into one sample for every 4m. The 4m composite samples will then be sent for analysis.</li> <li>• Where a 4m composite sample returns anomalous assay values, the stored corresponding 1m samples will then be sent for follow-up analysis.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<ul style="list-style-type: none"> <li>• RCB001, RCB002, RCB003, RCB004, RCB005, Reverse circulation to end of hole</li> <li>• Drill collars are surveyed using hand-held GPS (+/- 2 metres horizontal accuracy). Oriented with compass and inclinometer. Holes surveyed with downhole gyroscope.</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>• Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>• Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>• Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>• RC chip recoveries are estimated for every drill run</li> <li>• Appropriate measures are taken to maximise recovery and ensure representative nature of the samples.</li> </ul>

Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> <li>• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>• The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>• All drill holes are logged in their entirety. Qualitative descriptions of mineralogy, mineralization, weathering, lithology, colour and other features are recorded and photographed for each sample.</li> </ul>
Sub-sampling and sample preparation	<ul style="list-style-type: none"> <li>• If core, whether cut or sawn and whether quarter, half or all core</li> <li>• If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>• Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>• Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>• RC chips were sampled with a “spear” (PVC tube) from the 1m sample piles and composited to make roughly 4kg, 4m composite samples. Where the sample was wet, it was dried in the sun before composite samples were collected.</li> <li>• Duplicates, blanks and standards will be submitted for analysis at a rate of approximately 1 per 20 samples, for quality assurance and control.</li> <li>• Drill sample sizes are considered appropriate for the style of mineralisation sought and the nature of the drilling program.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>• RC samples will undergo sample preparation and geochemical analysis by ALS Perth. Au-Pt-Pd analysed by 30g fire assay fusion with an ICP-AES finish (ALS Method code PGM-ICP23). A 48-element suite was analysed by ICP-MS following a four-acid digest (ALS method code ME-MS61)</li> <li>• Certified analytical standards and blanks will be inserted at intervals of approximately 1 every 20 samples (i.e.,5% of samples). All QAQC samples returned results within acceptable levels of accuracy</li> </ul>

<p><i>Verification of assaying</i></p>	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel</i></li> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The Desert Metals Exploration Manager has personally inspected all RC chips.</li> <li>• Significant assay results from RC chip 4m composite samples will be verified by submitting the individual 1m samples for those intervals for further analysis. The same laboratory (ALS) and analytical methods will be used for the 1m samples</li> <li>• Primary drill data was collected manually on paper and digitally using Excel software before being transferred to the master database in mining software package Micromine.</li> </ul>
<p><i>Location of data points</i></p>	<ul style="list-style-type: none"> <li>• <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drill hole collar locations were recorded using handheld GPS.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p><i>used in Mineral Resource estimation.</i></p> <ul style="list-style-type: none"> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	<p>Expected accuracy is + or – 2 m for easting, northing and 10m for elevation coordinates. Downhole surveys using an Axis north-seeking gyro with readings at surface and then approximately every 3m downhole.</p> <ul style="list-style-type: none"> <li>• The grid system is MGA_GDA94 (zone 50), local easting and northing are in MGA.</li> <li>• Topographic surface uses handheld GPS elevation data, which is adequate at the current stage of the project</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drilling to date has been on individual drill holes into a specific target.</li> <li>• Data spacing and distribution is not sufficient at this stage to allow the estimation of mineral resources.</li> <li>• RC samples will be composited to create 4m composite samples</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient information to determine at this time.</li> <li>• The orientation of drilling is broadly orthogonal to the modelled conductive plates.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Samples were sealed in polyweave bags that were cable-tied closed and stored securely on site until transported by company personnel to the lab</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No audits or reviews have been conducted at this stage.</li> </ul>

## Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary																																										
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>• <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></li> <li>• <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Surveys were conducted within DM1 100% owned Exploration License E51/1907</li> <li>• All tenements are in good standing with DMIRS. DM1 is unaware of any impediments for exploration on these licenses</li> </ul>																																										
<i>Drill hole of the Information following information</i>	<ul style="list-style-type: none"> <li>• <i>A summary of all information material to the understanding exploration results including a tabulation of the following information</i></li> </ul> <p><i>for all Material drill holes:</i></p> <ul style="list-style-type: none"> <li>○ <i>easting and northing of the drill hole collar</i></li> <li>○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li>○ <i>dip and azimuth of the hole</i></li> <li>•</li> </ul>	<table border="1"> <thead> <tr> <th>Drillhole</th> <th>Easting</th> <th>Northing</th> <th>RL</th> <th>Azi</th> <th>Dip</th> <th>Depth</th> </tr> </thead> <tbody> <tr> <td>RCB001</td> <td>617380</td> <td>7096520</td> <td>444</td> <td>315</td> <td>65</td> <td>112</td> </tr> <tr> <td>RCB002</td> <td>617415</td> <td>7096485</td> <td>444</td> <td>315</td> <td>65</td> <td>180</td> </tr> <tr> <td>RCB003</td> <td>617450</td> <td>7096450</td> <td>444</td> <td>315</td> <td>65</td> <td>250</td> </tr> <tr> <td>RCB004</td> <td>617386</td> <td>7096414</td> <td>444</td> <td>315</td> <td>65</td> <td>250</td> </tr> <tr> <td>RCB005</td> <td>617190</td> <td>7096300</td> <td>444</td> <td>270</td> <td>65</td> <td>209</td> </tr> </tbody> </table>	Drillhole	Easting	Northing	RL	Azi	Dip	Depth	RCB001	617380	7096520	444	315	65	112	RCB002	617415	7096485	444	315	65	180	RCB003	617450	7096450	444	315	65	250	RCB004	617386	7096414	444	315	65	250	RCB005	617190	7096300	444	270	65	209
Drillhole	Easting	Northing	RL	Azi	Dip	Depth																																						
RCB001	617380	7096520	444	315	65	112																																						
RCB002	617415	7096485	444	315	65	180																																						
RCB003	617450	7096450	444	315	65	250																																						
RCB004	617386	7096414	444	315	65	250																																						
RCB005	617190	7096300	444	270	65	209																																						

Criteria	JORC Code explanation	Commentary
<i>widths and intercept lengths</i>	<p><i>angle is known, its nature should be reported.</i></p> <ul style="list-style-type: none"> <li><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></li> </ul>	
<i>Diagrams</i>	<ul style="list-style-type: none"> <li><i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	<ul style="list-style-type: none"> <li>No significant discovery is being reported</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li><i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></li> </ul>	<ul style="list-style-type: none"> <li>All results considered significant are reported.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li><i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	<ul style="list-style-type: none"> <li>All known and relevant data has been reported</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<ul style="list-style-type: none"> <li>A full review of the results to date will be undertaken prior to any future programs being planned.</li> </ul>