

ASX RELEASE 7 JUNE 2021

ASX RELEASE:

7 June 2021

ASX CODE: DM1

BOARD:

Mr Mark Stewart
Chairman

Dr Robert Stuart
Managing Director

Mr Tony Worth
Director

HEAD OFFICE

Level 2, 41-43 Ord St.
West Perth WA 6005

Email:

admin@desertmetals.com.au

Website:

www.desertmetals.com.au



Exploration Update

- Hole IRRD009 into the western conductor at Innouendy intersected similar sulphide intervals to the eastern conductor (holes IRRD006 and IRD007 - see ASX release 6/05/21). Further drilling to define the extent of massive sulphides at Innouendy will be targeted from downhole EM.
- Several zones of disseminated to network textured pyrrhotite with traces of disseminated chalcopyrite. Hole is believed to have just clipped or just missed the main conductor.
- An ~1800 line km Airborne EM survey was completed over DM1's eastern licenses.
- Several strong conductors detected – walk up drill targets.
- Ground EM data acquisition is in progress over the Airborne EM conductors to better define and prioritize these for drill testing.
- Drilling is currently paused due to a change in drill contractor and also due to heavy rain preventing access to site for the past week. Drilling is expected to commence at Irrida Hill next week as soon as the roads re-open.

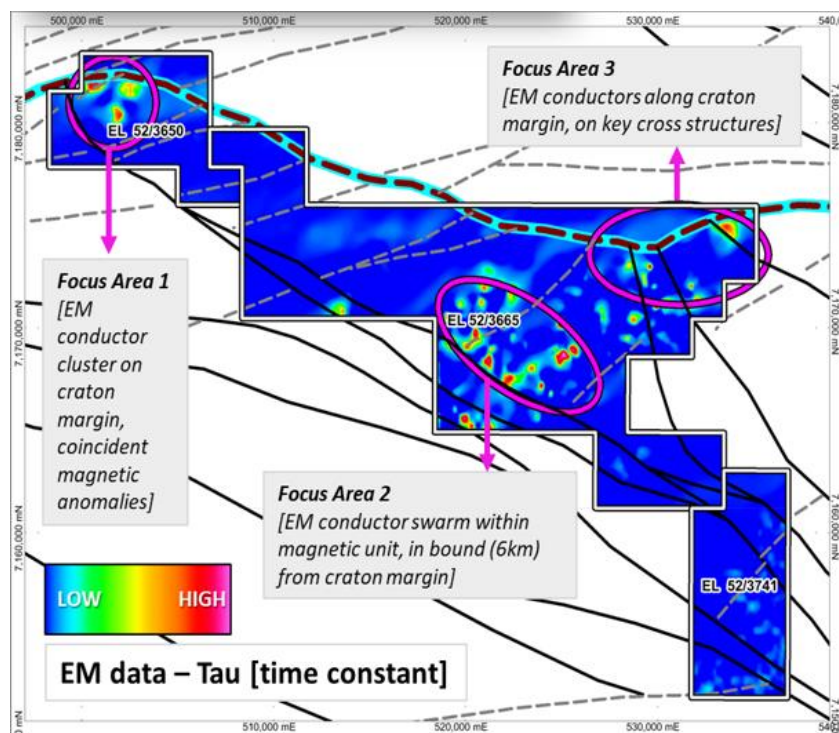


Figure 1: EM survey results over the Breakaway, Dingo Pass Projects

ASX RELEASE 7 JUNE 2021

Irrida Hill Drilling

Desert Metals Limited ("Desert" or the "Company") is anticipating that the first diamond drilling into four strong late time conductors at Irrida Hill will commence next week. Irrida Hill contains multiple high-conductance ground EM anomalies within a strong, discrete magnetic low at a prominent structural intersection. A sub-cropping mafic intrusion has been confirmed in the field and historic drilling in the area by Western Mining intersected significant Nickel from surface. (see Figure 1 and ASX release 22/01/21).

The Company has previously suggested that the Irrida Hill conductors could be caused by massive sulphides associated with intrusive Ni-Cu-PGE deposits. Visual results from drill core at the Innouendy prospect some 20km away were confirmed last month to be caused by disseminated to massive sulphides. Further drilling to define the extent of massive sulphides at Innouendy will be targeted from downhole EM. These results are believed to be the first significant intersection of intrusive magmatic massive sulphide anywhere in the Narryer, and upgrades the prospectivity of the Irrida Hill conductors. Recent heavy rain led the local shires to close the roads and delay the start of drilling which is now expected this week.

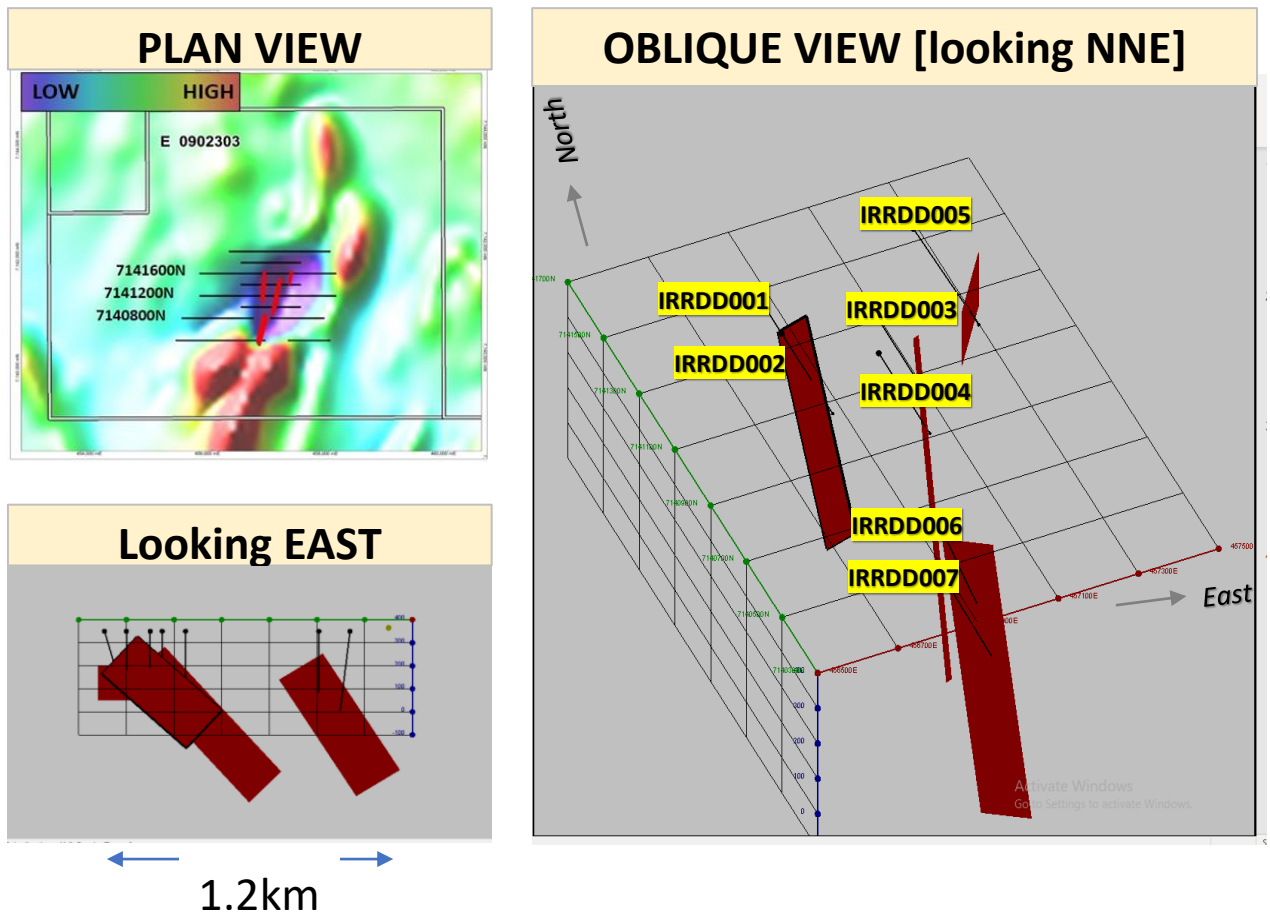


Figure 2 Irrida Hill Drilling Plan.

Modelled conductive plates shown in red. Seven drill holes currently planned into 4 separate plates

ASX RELEASE 7 JUNE 2021

Eastern Licenses Airborne EM, Western Licenses Ground EM

More than 1800 line km of Airborne EM data has been acquired by New Resolution Geophysics Pty Ltd over the Company's eastern licenses. Data has been collected at 400m line spacing with 200m infill over some parts. Preliminary data is shown in the following images.

These data reveal a number of conductive targets at key structural intersections in close proximity to the Craton margin which have been grouped into three focus areas. These focus areas represent a significant expansion of the Company's prospective footprint in the Narryer and it is expected that several of these targets will become some of the Company's highest priority for drilling once ground EM has been completed. As with the prospects at Innouendy and Irrida Hill, the Company believes it has again uncovered exciting drill targets sitting within the right type of intrusive rocks in close proximity to the Craton margin. The Company now has a substantial bank of excellent targets to work through and systematically test.

As foreshadowed in the ASX release of 06/05/21, ground EM data collection is in progress to confirm and define drill targets from the Company's earlier airborne survey. This ground crew will move onto the eastern licenses once complete in the west.

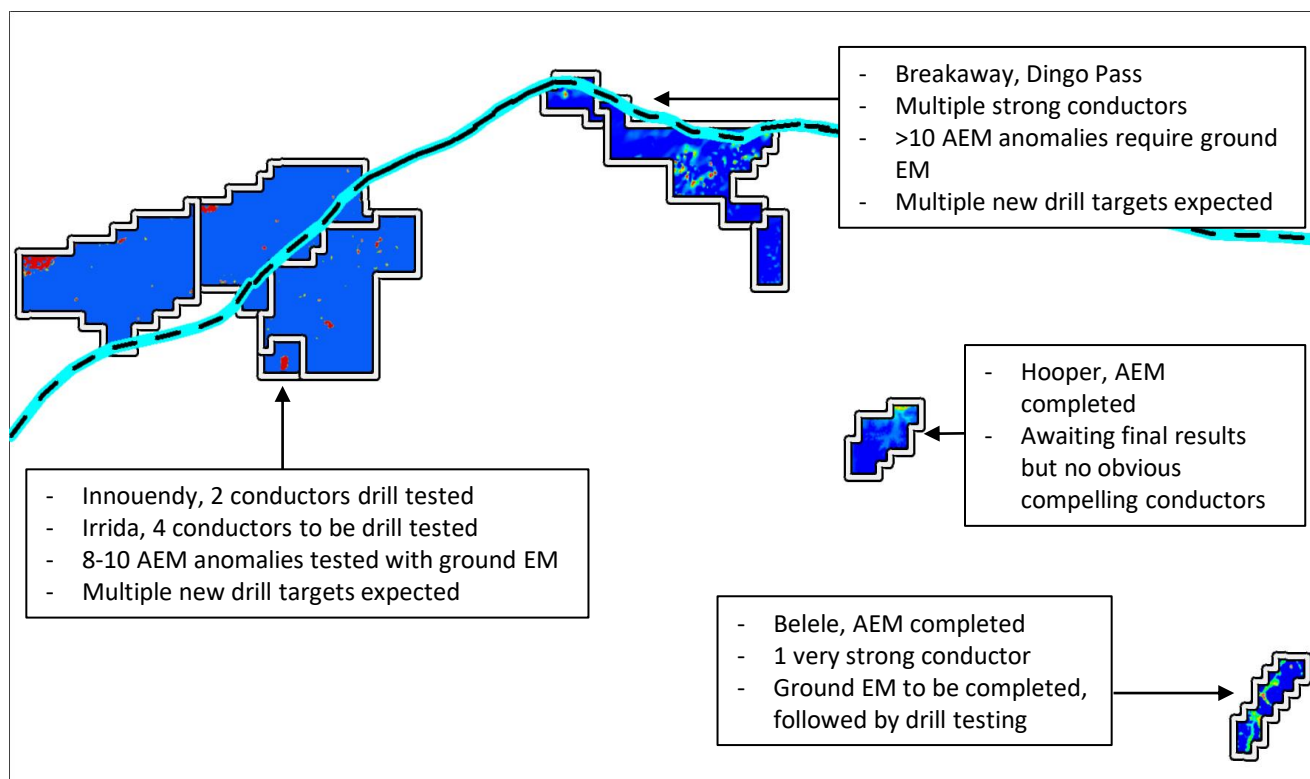


Figure 3 Airborne EM Coverage and Results Summary

ASX RELEASE 7 JUNE 2021

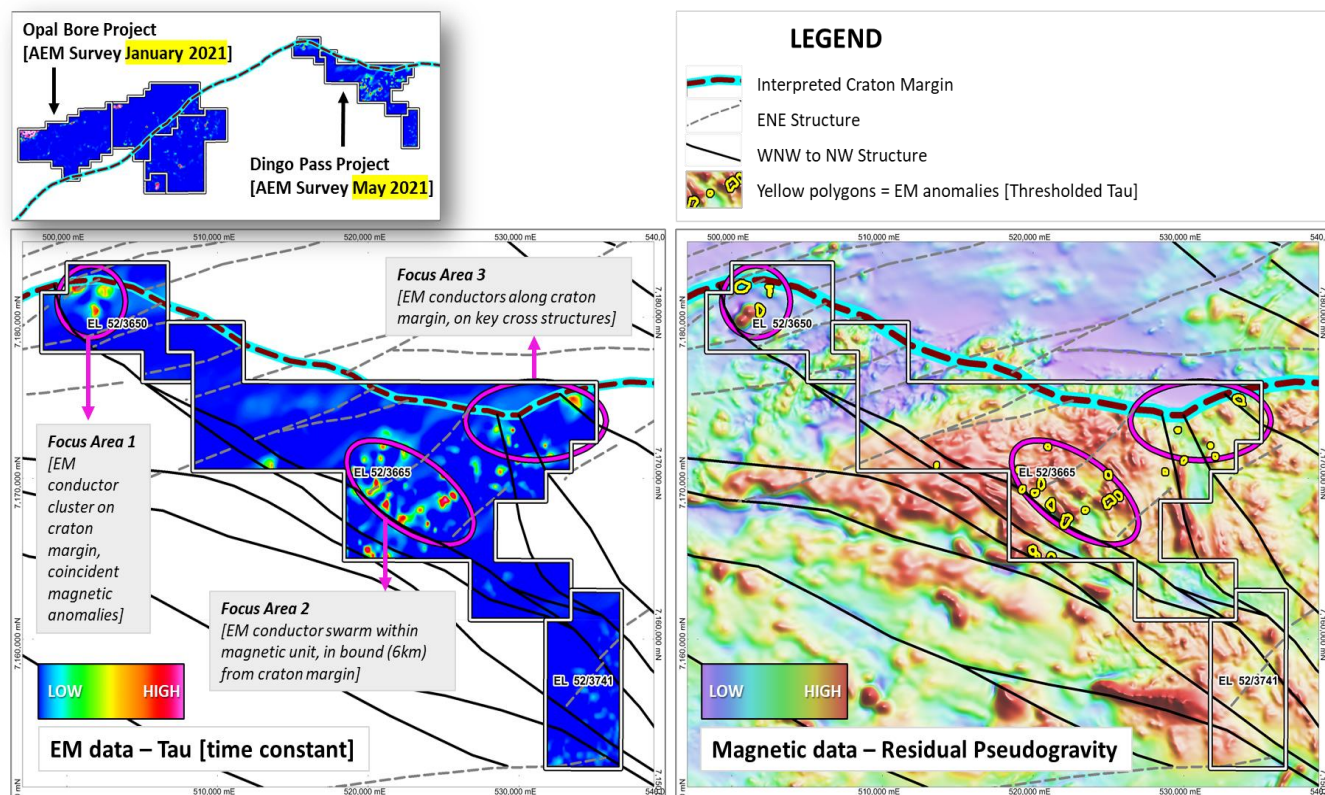
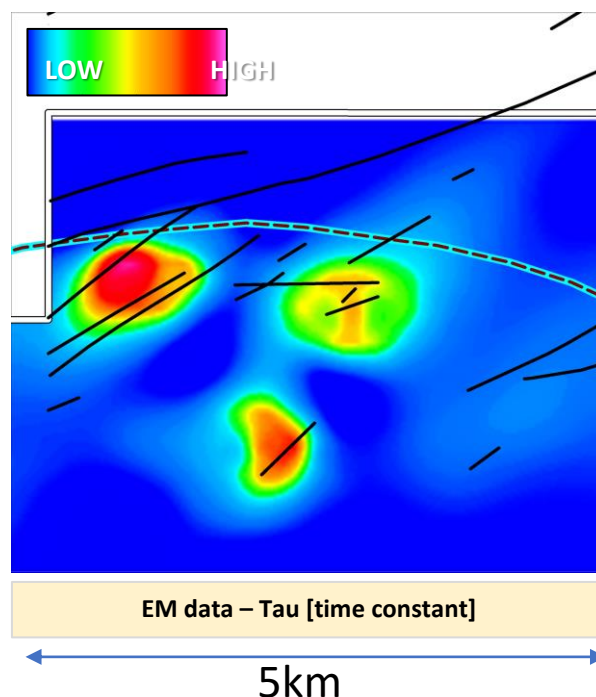


Figure 4 Preliminary EM survey results over the Dingo Pass Project.

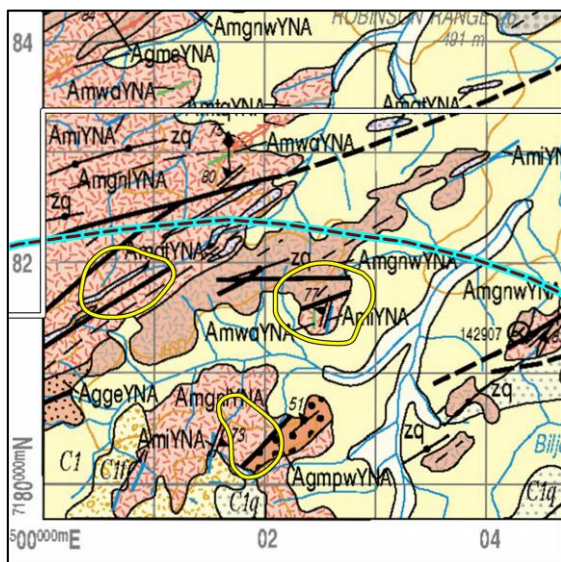
TOP LEFT (inset): the location of the Dingo Pass Project with respect to the Opal Bore Project. Both projects are now covered with AEM data. The Tau (time constant) image derived from the survey data are shown for each tenement. Additionally, the interpreted craton margin is highlighted as a cyan-black dashed line.

BOTTOM LEFT: A better look at the EM-derived Tau (time constant) data for the Dingo Pass Project. Immediate focus areas, each with several excellent conductors.

BOTTOM RIGHT: The same area as that shown in the EM image, this time displaying the magnetic data over the Dingo Pass Project. The residual pseudo-gravity filtered data was chosen. Many of the EM conductors have coincident or offset magnetic responses. The same structural interpretation (and craton margin) are overlain.



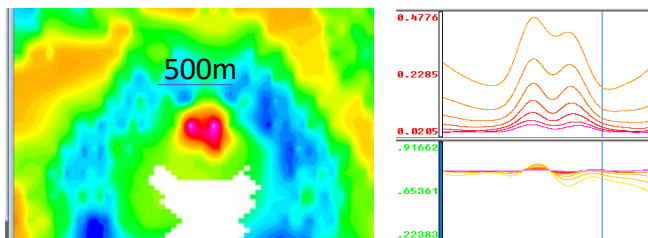
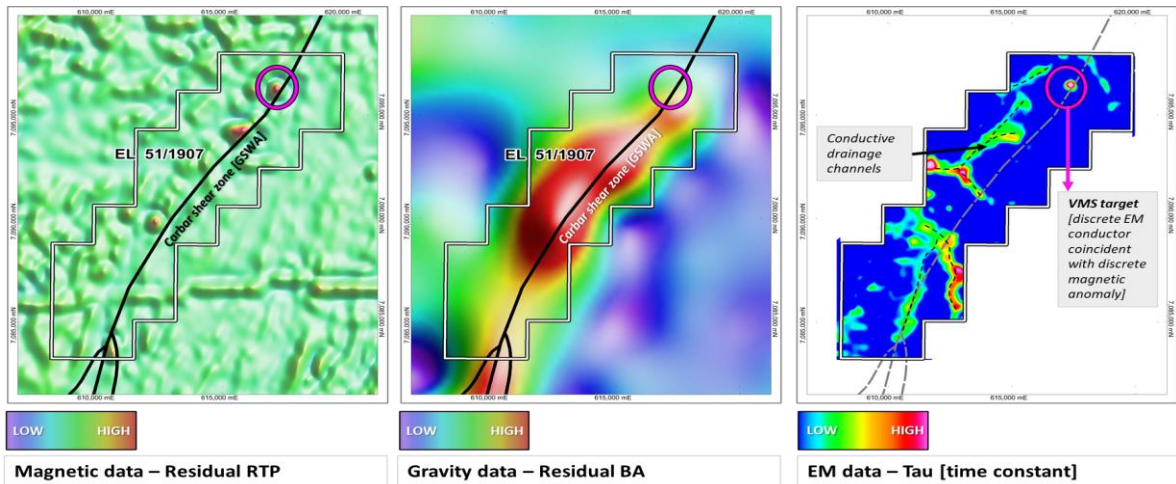
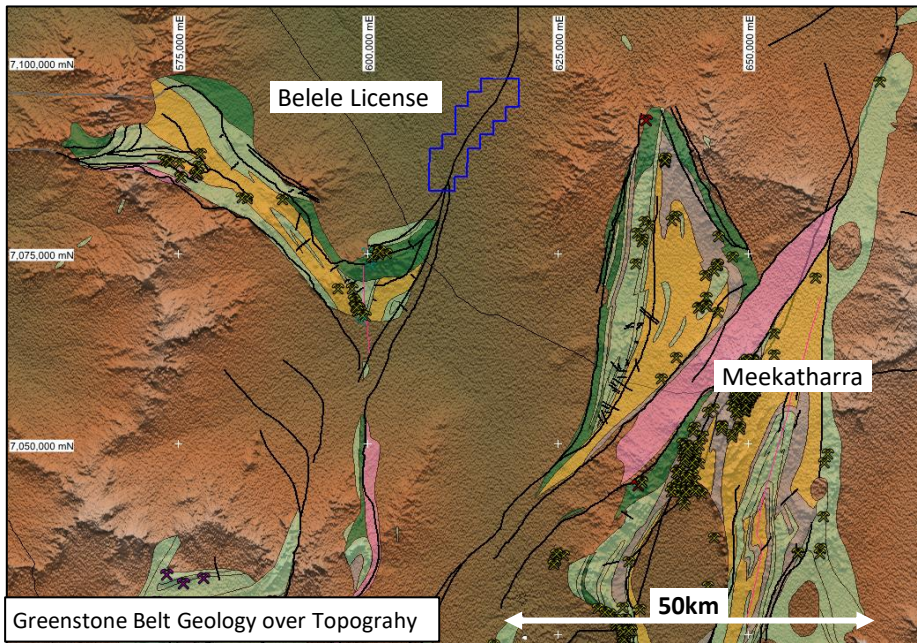
Mapped geology shows peridotite (a mantle derived rock often associated with Ni-Cu-PGE sulphide deposits) coincident with a magnetic anomaly and a strong conductor within a few 100 metres of the Craton margin. The conductors may be caused by economic metallic sulphides. These new targets are prioritised for ground EM and drill testing



There are three robust EM conductors in this area, each semi-coincident with mapped meta-gabbro or peridotite in the 1:100,000 scale geology and a magnetic high. The Tau image chosen for this release is a convenient way to represent the EM data collected. It is a transformation of temporal (time varying) 3D [x,y,t] data into a simple 2D representation. The selection of 'good quality bedrock conductors' however is always done using the EM profile data and filament modelling.

ASX RELEASE 7 JUNE 2021

New Volcanogenic Massive Sulphide target at Belele



Textbook response.

Left: Tau image of dBdt Z.

Upper Right: Profile of Z component dBdt.

Lower Right: Profile of X component dBdt

Figure 6 The Belele tenement – EM survey results

The Belele tenement – EM survey results

The Belele prospect (E51/1907) is roughly 50km northwest of Meekathara and covers gravity and magnetics features interpreted by Desert Metals to be an extension of the Mingah Range Greenstone Belt. The prospect is completely covered by alluvium and colluvium. The Mingah Range Greenstone Belt has previously been explored for gold and base metals and contains numerous historical gold showings, as well as several reported base metal gossans. Desert Metals considers the project prospective for shear zone hosted (orogenic) gold and volcanogenic massive sulphide (VMS) base metal deposits.

The Company has completed an Airborne EM survey at 250m line spacing to optimize the detection of any VMS deposits which may be conductive. The survey was successful in detecting a “textbook” discrete conductive bullseye coincident with a magnetic bullseye, which may be caused by sulphide mineralization.

In Figure 6, the magnetic data (left image), gravity data (middle image), and preliminary EM data (right image) are shown. The GSWA defined Carbor shear zone is overlain. The gravity data shows the denser unit (interpreted greenstone) under cover, the magnetic data highlights discrete magnetic bodies along the main shear, and the EM data confirms that the most northerly of the four discrete magnetic bodies is an excellent conductor (Fathom Geophysics, the Company’s geophysical consultants describe it as a classic textbook response). This anomaly will be followed up with ground EM and prioritised for drilling along with the company’s other targets.

Authorised by the Board of Desert Metals Limited.

Rob Stuart

Managing Director
Phone: +61 (8) 9758 1333

Tony Worth

Director
Phone: +61 (8) 9758 1333

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.

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 E51/1907, E51/1901, E52/3741, E52/3665 and E52/3650. - Airborne magnetic and electromagnetic data were acquired using NRG's Xcite™ Airborne Electromagnetic (AEM) system. In total, 1811-line kms of data were collected along 400m spaced survey lines oriented east west including 253 –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).	- IRR009 Reverse circulation pre-collar to 160m. NQ diamond drilling (47.6mm) to end of hole at 320m - Drill collars are surveyed using hand-held GPS (+/- 2 metres horizontal accuracy). Oriented with compass and inclinometer. Holes surveyed with downhole gyroscope.
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.	- Core recoveries are measured for every drill run - Appropriate measures are taken to maximise recovery and ensure representative nature of the samples. This includes diamond core being reconstructed for orientation, metre marking and reconciled against core block markers
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.	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.

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.	The core is yet to be cut for laboratory sampling. Diamond core will be cut in half and sampled over intervals of 1 metre or less. • Duplicates, blanks and standards will be submitted for analysis for quality assurance and control.
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 Xcite™ 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 - Drill hole collar locations were recorded using handheld GPS. Elevation values were in AHD RL and values recorded within the database. 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 - The grid system is MGA_GDA94 (zone 50), local easting and northing are in MGA. Topographic surface uses handheld GPS elevation data, which is adequate at the current stage of the project

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	• <i>Data spacing for reporting of Exploration Results.</i> • <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> • <i>Whether sample compositing has been applied.</i>	• 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 • Drilling to date has been on individual drill holes into a specific target. • Data spacing and distribution is not sufficient at this stage to allow the estimation of mineral resources. • No sampling has been done at this stage
Orientation of data in relation to geological structure	• <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> • <i>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.</i>	• Traverses were oriented east-west in order to cross cut stratigraphy • Insufficient information to determine at this time. • The orientation of drilling is broadly orthogonal to the modelled conductive plates
Sample security	• <i>The measures taken to ensure sample security.</i>	• All data collected under strict security measures by contractor
Audits or reviews	• <i>The results of any audits or reviews of sampling techniques and data</i>	• 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 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. - 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.	- Surveys were conducted within DM1 100% owned Exploration Licenses E51/1907, E51/1901, E52/3741, E52/3665 and E52/3650 - DM1 has a heritage agreement with Wajarri Yamatji for licenece E09/2303 and is negotiating agreements for the licenses E51/1907, E51/1901, E52/3741, E52/3665 and E52/3650 - 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	Mineralization 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.	- Drillhole Easting Northing Azimuth Dip Depth - INDD009 461145E 7159800N 350RL Dip70 EOH 320