



21 November 2022

DESERT METALS RAISES \$2.5M TO EXPAND DRILLING ON ITS RARE EARTH DISCOVERY AT INNOUENDY

Key Highlights:

- Desert Metals has received firm commitments to raise \$2.5m in a Placement.
- Funds are to be used for exploration activities, primarily at the Innouendy Project, where the Company has made a significant rare earth element (REE) discovery.
- Recently reported drilling has confirmed the high-grade, widespread, thick and continuous nature of REE mineralisation at Innouendy along a strike of at least 21kms and across widths of 2.5km, including Total Rare Earth Oxide intersections such as:
 - 20m @ 2318ppm from 16m, hole INAC027
 - 20m @ 1834ppm from 20m, hole INAC083
 - 29m @ 1371ppm from 28m (incl 16m @ 1829 ppm, incl 4 @ 2589 ppm), hole INAC310
 - 16m @ 2059ppm from 32m, hole INRC012
 - 19m @ 1373ppm from 8m, hole INACO90
- Assays remain outstanding for approximately a further 4,000m of drilling from the recent program.
- A 10,000 – 20,000m follow up drilling program is now planned and is expected to start shortly, to test the substantial strike extent and grow the mineralised footprint.
- The Company also returned a significant PGE intercept of 4m @ 1.19g/t Pt+PD+Au in recent drilling, which will also be followed up.

Desert Metals Limited (ASX: **DM1**) (“**Desert Metals**” or “**the Company**”) is pleased to advise that it has received firm commitments to raise \$2,500,000 via a placement from sophisticated and professional investors. Canaccord Genuity (Australia) Limited acted as sole lead manager for the placement.

The funds raised will be directed towards the Company’s exploration activities, primarily at the Innouendy Project, where a follow up 10,000-20,000m program of aircore drilling is planned to define and expand its 100% owned REE discovery. A significant program of leachability assays, ore characterisation and metallurgical test work to further advance economic parameters for the rare earth project is also planned. Also at Innouendy, follow up drilling is planned on exciting recent significant PGE and nickel intercepts, which included 4m @ 1.19g/t Pt+PD+Au.

Further, at the Company’s Dingo Pass project Krakatoa Resources (ASX:KTA) has announced a recent REE discovery on immediately adjoining ground, which appears to trend onto Desert Metals’ Dingo Pass license. Drilling to follow this rare earth trend on the Company’s ground is also planned.

Placement Terms

The Placement will issue 9,259,260 Fully Paid Ordinary Shares at \$0.27 per share to be issued from the Company's placement capacity under ASX Listing Rule 7.1.

In addition to the above, and subject to shareholder approval at a general meeting of shareholders to be held as soon as practicable, Non-Executive Director Keith Murray has committed a further \$27,000 (representing 100,000 Fully Paid Ordinary Shares) on the same terms.

An Appendix 3B will be released immediately following this announcement and the Company will issue the securities as soon as practicable.

The trading halt in the Company's securities can now be lifted.

This announcement has been authorised for release by the Desert Metals Board of Directors.

For further information, please contact:

Mark Stewart

Chairman

+61 8 9758 1333

Rob Stuart

Managing Director

+61 8 9758 1333

admin@desertmetals.com.au

References

For further information on the exploration results in this announcement, investors should refer to the Company Announcements listed below;

16 November 2022 - More Outstanding Rare Earth Drilling Results at Innouendy

11 November 2022 - Significant PGE Intersection at the Innouendy Project

2 November 2022 - Outstanding Results Materially Expand Rare Earth Discovery

16 September 2022 - Significant Rare Earth Discovery Confirmed

30 August 2022 - Rare Earth System Emerging at Innouendy

20 July 2022 - Significant Thick & High Grade Clay hosted REE Results

Competent Person 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.