

## Quarterly Activities Report – Quarter ended September 2023

Desert Metals seeks to discover or acquire, and develop high potential minerals projects in Tier 1, geologically prolific mining jurisdictions – and by doing so create significant shareholder returns. In keeping with this strategy, during the quarter Desert Metals has been actively reviewing the addition of high-calibre projects to complement its nickel, rare earth and gold projects at Innouendy, Dingo Pass, Belele, Mt Opal and Little Gap Well.

### Summary of field activities for the quarter

**Dingo Pass** – Assays from drilling at the end of the June quarter were received and confirmed the presence of extensive clay hosted Rare Earth Elements (REE). Modelling of this and the Innouendy rare earth mineralisation continues to determine the potential extent of the Company’s two clay hosted rare earth element discoveries.

**Innouendy** – Field reconnaissance was completed to assess the potential for lithium bearing pegmatites across the Company’s extensive licensed area. A number of pegmatite dykes have been found, although as yet no significant amount of spodumene or other lithium bearing minerals have been positively identified. Rehabilitation of all previous drill sites was completed during the quarter.

**Little Gap Well / Mt Opal** – Desert Metals proceeded with the acquisition of 60% of the Little Gap Well / Mt Opal projects. Field reconnaissance has confirmed the Ajax Mine line of historic workings is a priority drill target and a Project of Work (POW) permit has been applied for to drill test this and other zones within the Mt Opal project. A ground EM survey was planned during the quarter and subsequently completed in October over the Little Gap Well line of copper-gold workings.

## Dingo Pass Rare Earth Element Assay Results

Analysis from drilling on the Company's Dingo Pass license was received during the quarter and demonstrated that clay hosted REE mineralisation extends from the Tower resource (KTA:ASX 21 November 2022) for at least 9km into Desert Metals' license. Intersections of Total Rare Earth Oxide (TREO) include:

3m @ 4512 TREO from 21m, Hole DGAC 059

4m @ 3700 TREO from 21m, Hole DGAC 017

12m @ 1363 TREO from 24m, incl 3m @ 2078 TREO from 24m, Hole DGAC 081

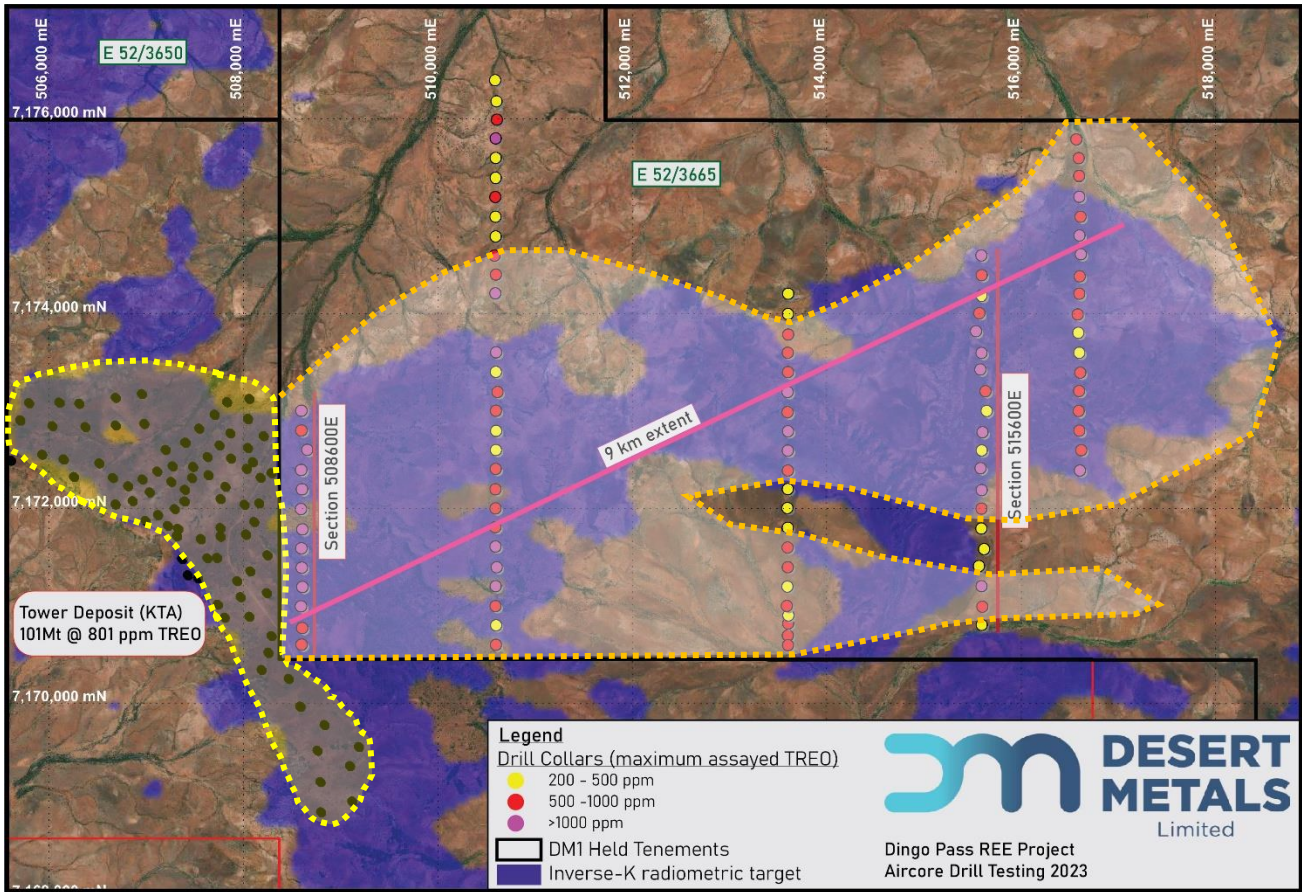
17m @ 1101 TREO from 21m, incl 3m @ 1988 TREO from 21m, Hole DGAC 010

6m @ 1859 TREO from 18m, incl 3m @ 2508 TREO from 18m, Hole DGAC 082

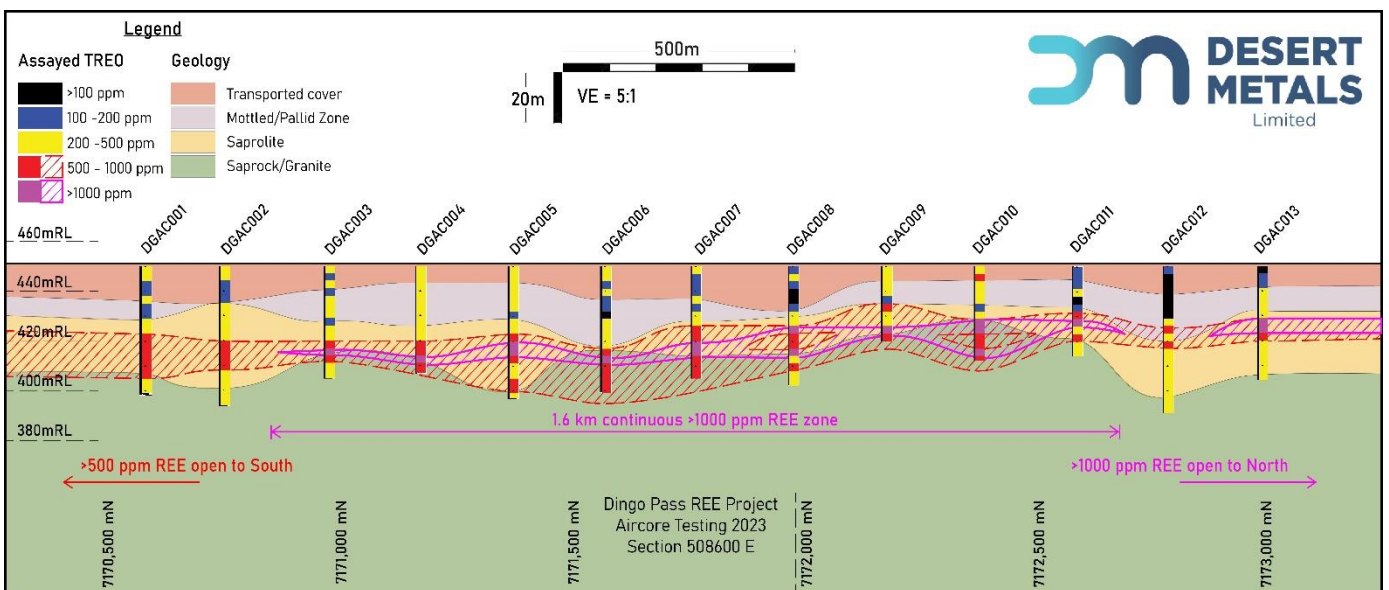
9m @ 1885 TREO from 0m, incl 3m @ 2269 TREO from 6m, Hole DGAC 097

A total of 100 holes for 2973m were drilled along 5 north-south traverses. Lines were between 1 and 3 km apart with 200m spacing between holes. The program was designed to test whether REE mineralisation continued from the Tower REE Resource (ASX:KTA 21 November 2022, **101Mt @ 801ppm TREO**) onto DM1's 100% owned license E 52/3665. Of the 100 holes drilled, 74 holes returned assays greater than 500ppm TREO, including 31 holes returning intercepts >1000ppm TREO. Assays of greater than 1000ppm TREO were intersected on all 5 lines.

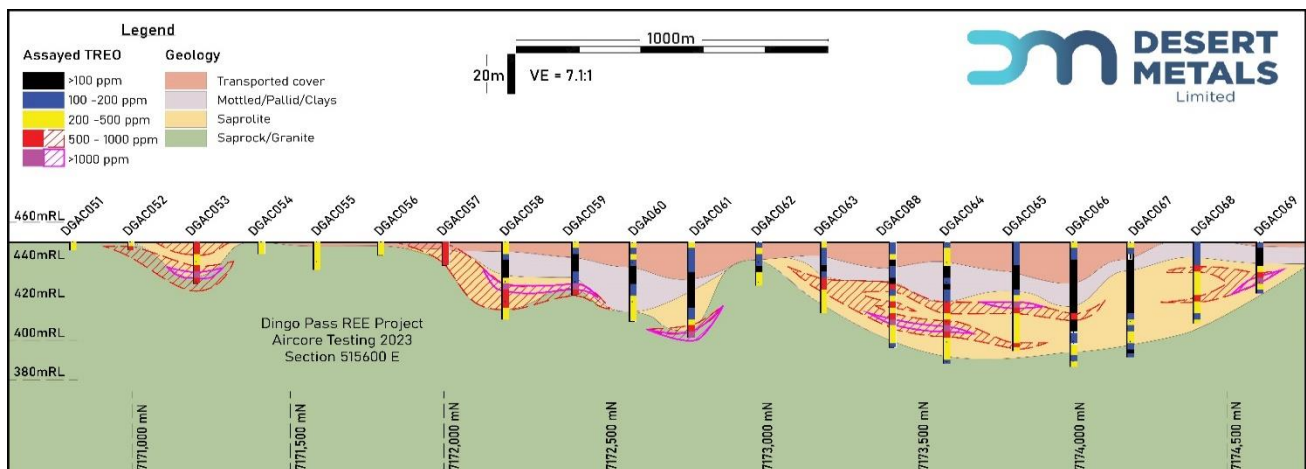
The program has confirmed that clay hosted REE mineralisation extends for at least another 9km east from the boundary of the Tower REE deposit. The line immediately adjacent to the Tower deposit returned 1.6km length of continuous >1000ppm TREO mineralisation (**Error! Reference source not found.**). The program has successfully confirmed that the Tower mineralisation footprint is at least five times larger within Desert Metals' license.



**Figure 1. Dingo REE results.** Of the 100 holes drilled, 74 holes returned assays greater than 500ppm TREO, including 31 holes returning intercepts >1000ppm TREO



**Figure 2. Section 508600E.** Mineralisation of > 1000ppm TREO is continuous for over 1.6km and is open to the north.



**Figure 3** Section 515600E. 7km to the east of the section in **Error! Reference source not found.** Mineralisation > 1000ppm TREO continues.

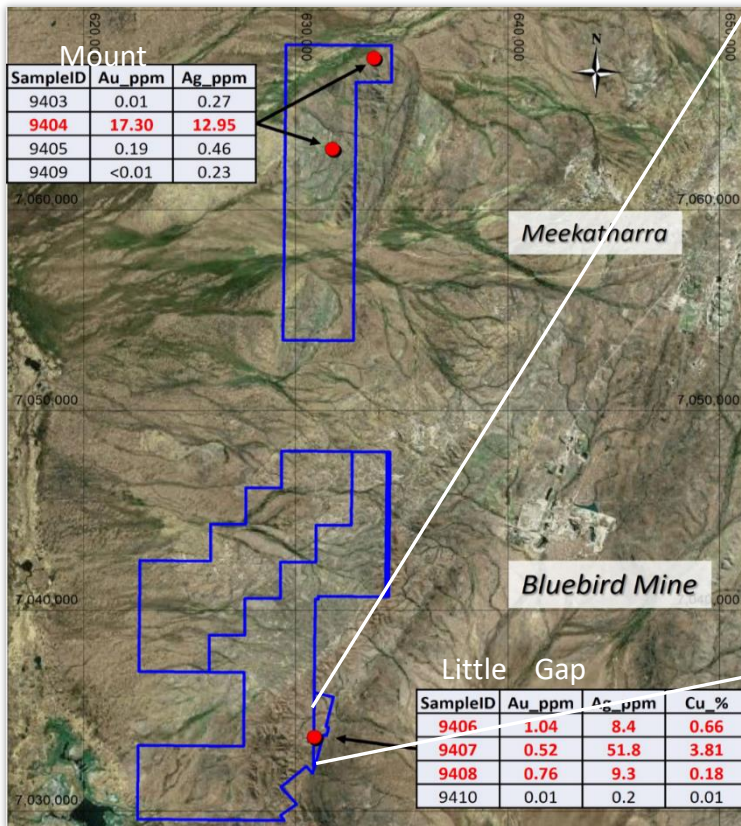
The continuous REE mineralisation at Dingo over at least 9km of strike length now combines with REE mineralisation discovered at Innouendy over 20km of strike to highlight the truly vast scale of mineralisation within DM1's projects. With its location only 400km by well-maintained public roads to the soon to be built REE refinery at Eneabba (ASX.ILU, press release 3 April 2022), the Narryer Terrane is emerging as a potentially important source of clay hosted REE, with DM1 holding most of the known mineralisation discovered to date.

### Exercise of Option over the Little Gap Well and Mount Opal Gold Projects

During the quarter the Company resolved to exercise its option to acquire a 60% interest in the Little Gap Well and Mount Opal gold projects. Details of the Projects and terms of the staged acquisition were first released in the Company's ASX announcement of 18 May 2023.

The Company has begun a program of sampling and ground geophysics over the projects. At Mount Opal work has identified the orientation of mineralisation has confirmed the Ajax Mine line of historic workings is a priority drill target. A POW permit has been applied for to drill test this and other zones within the Mt Opal project. Historic workings returned a grab sample of 17.3g/t gold. At Little Gap Well data acquisition from an electrical ground geophysical survey has been completed in October. These data surround the location of a grab sample that returned 3.8% copper. Data is being interpreted for any conductive mineralisation. Drilling of any targets identified will follow.





**Figure 4** Ground EM traverses over copper mineralisation at Little Gap Well. Data collected in October. Any copper sulphide mineralisation beneath historic pits may be identified as conductive. Pink dots show the location of EM stations. 100m station spacing, 400m line spacing.

## Future Work Programs in 2023

The Company is actively exploring on a number of fronts:

- Gold/ Copper – field work is ongoing at Little Gap Well/Mt Opal and drilling of several targets is expected in the coming months.
- Lithium Exploration – several pegmatites have been identified within the Innouendy and Dingo projects. Reconnaissance mapping continues.
- Nickel Exploration – several priority EM conductors at Dingo have yet to be drilled. Detailed mapping and soil geochemistry is planned to cover these targets. Subject to results one or more of these may be drill tested.

- Graphite – the Opal Bore project (west of Innouendy) contains a large EM conductor within a mapped graphitic phyllite slate which has not yet been drilled. The target is 20km from Buxton Resources' Yalbra graphite deposit. Subject to additional modelling of the EM data and a successful application for EIS funding, DM1 may drill this target.
- Rare Earth Elements – The Company is evaluating how best to progress its two substantial clay hosted REE projects at Innouendy and Dingo Pass.

With the exception of drilling nickel targets at Dingo, all of the above work is relatively low cost and budgeted for within the Company's existing cash reserves. The Company is also actively reviewing several third-party project opportunities.

## Tenement Status

The Company confirms that all the Company's tenements remain in good standing. During the quarter the Company resolved to exercise its option to acquire a 60% interest in the Little Gap Well and Mount Opal gold projects, but as of the end of the quarter the transfer of ownership had not been finalised. The beneficial interest held by the Company in the various tenements has not changed. Details of the tenements are set out in Annexure 1.

## Payment to Related Parties

The Company advises that payments to related parties of \$148,825 included Directors' fees, legal fees, CEO and executive management fees and consulting fees for geophysical and geological interpretation.

## Summary of Exploration Expenditure

In accordance with ASX listing Rule 5.3.1 the Company advises that the cash outflows on its mining exploration activities reported in 1.2(a) of its Appendix 5B for the September 2023 quarter are as follows: Exploration: \$657,702.

## 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 Tony Worth, a competent person who is a member of the Australasian Institute of Geoscientists. Mr Worth 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. Mr Worth is a related party of the Company, being a Director, and holds securities in the Company. Mr Worth has consented to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

## Corporate Information

### Company Secretary

Paul Heatley

### Forward shareholder enquiries to

Automic Group,

Tel: 1300 288 664,

Web: [investor.automic.com.au](http://investor.automic.com.au)

### Issued Capital

As at the date of this report the total fully paid ordinary shares on issue were 72,541,078.

## Annexure 1 - Tenement Information

In accordance with listing rule 5.3.3, the table below shows the interest in tenements held by the Company.

<b>TenID</b>	<b>Type</b>	<b>Ten Status</b>	<b>Ownership</b>	<b>Holder</b>
E 0902303	Exploration License	Live	100%	Desert Metals Limited
E 0902330	Exploration License	Live	100%	Desert Metals Limited
E 0902331	Exploration License	Live	100%	Desert Metals Limited
E 0902351	Exploration License	Live	100%	Desert Metals Limited
E 5101901	Exploration License	Live	100%	Desert Metals Limited
E 5101907	Exploration License	Live	100%	Desert Metals Limited
E 5203650	Exploration License	Live	100%	Desert Metals Limited
E 5203665	Exploration License	Live	100%	Desert Metals Limited
E 5203741	Exploration License	Live	100%	Desert Metals Limited
E 5102083	Exploration License	Pending	100%	Desert Metals Limited
E 5102162	Exploration License	Pending	100%	Desert Metals Limited
E 5102163	Exploration License	Pending	100%	Desert Metals Limited



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Desert Metals Limited

ABN

84 617 947 172

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(658)	(658)
(b) development	-	-
(c) production	-	-
(d) staff costs	(58)	(58)
(e) administration and corporate costs	(121)	(121)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received	79	79
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(758)</b>	<b>(758)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(50)	(50)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(50)</b>	<b>(50)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,969	1,969
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(758)	(758)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(50)	(50)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,161</b>	<b>1,161</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,161	1,969
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,161</b>	<b>1,969</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	149
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(758)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(758)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,969
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,969
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	2.59
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Not applicable	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Not applicable	



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2023

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.