Belele Copper Mineralisation Extended Down Dip
Drilling has begun at Dingo Pass

Highlights

- Five new holes drilled at Belele testing extensions to recently intersected copper mineralisation have been completed.
- Drilling has confirmed significant lateral and depth extensions to the sulphide mineralisation.
- Altered sulphide zone is now confirmed over a strike of at least 450m.
- A deep hole underneath hole 4 has confirmed:
  - the intensity of the sulphides and copper increase with increasing depth
  - Alteration zone has expanded from a width of 40m to circa 100m
  - Mineralisation extends to a depth of at least 400m and remains open (extent of the conductor modelled from surface)
  - Visual estimates, supported by hand held XRF analysis suggest a higher grade copper intersection than intersected in hole BRC004.
- Drilling has begun at the Dingo Pass Prospect targeting conductive nickel-copper sulphide mineralisation with coincident anomalous surface geochemistry.
- DRC001 has intersected targeted sulphides.
- DRC003 conductor not intersected. Multiple zones of minor sulphides, including traces of chalcopyrite and nickel bearing sulphide within mafic rock (based on XRF spot analysis) intersected. Downhole EM planned to test for massive sulphide.

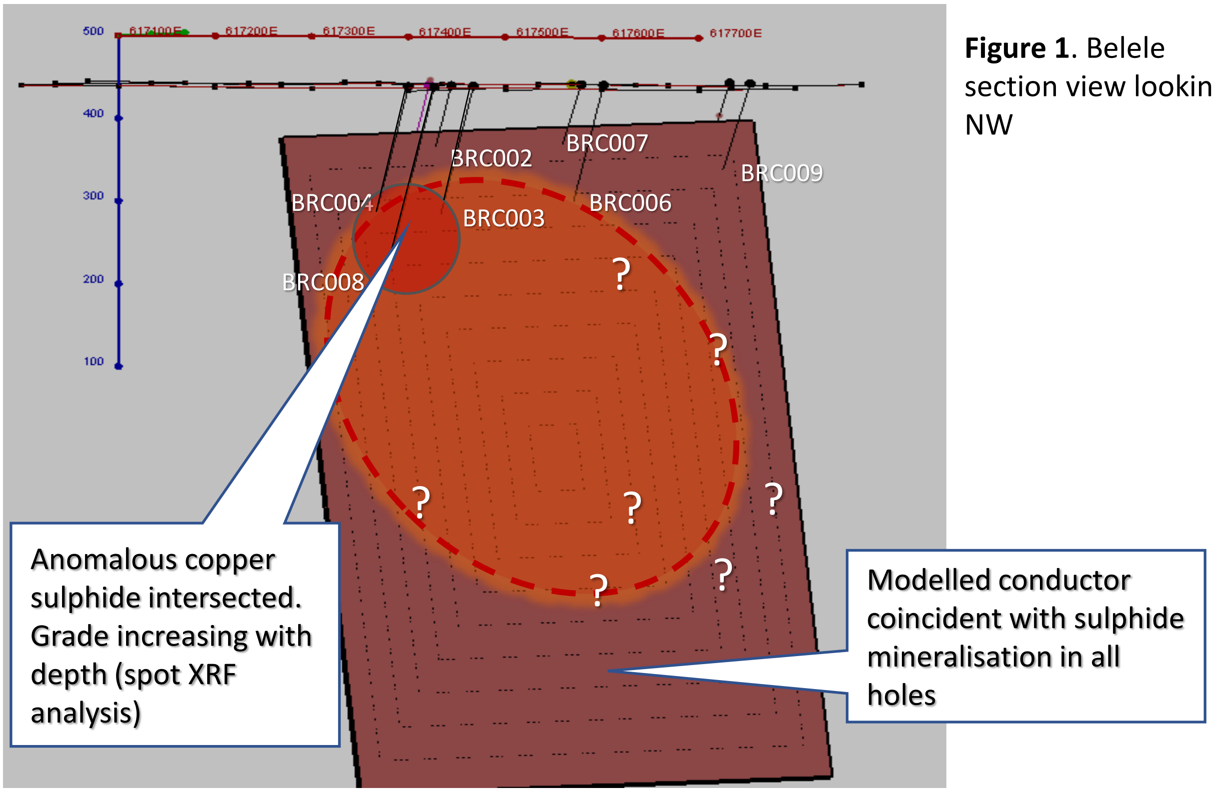

Figure 1. Belele section view looking NW

Belele

A total of 10 holes have been completed at Belele into conductive sulphide mineralisation. The previously reported zone of shearing, alteration and sulphide mineralisation extends over the full 450m strike extent of the drilling to date. In the southwest a single deep hole, BRC008, has been drilled to a maximum depth of approximately 400m beneath previous drilling (Figure 1,2 & 3). Visual estimates, supported by handheld XRF analysis suggest that the intensity of sulphides (pyrite-pyrrhotite +/-chalcopyrite) is indeed increasing with depth. This is as would be expected for a VMS system on its side (see DM1 ASX release 9 March). Further work is planned once assays for the recent holes have been received.

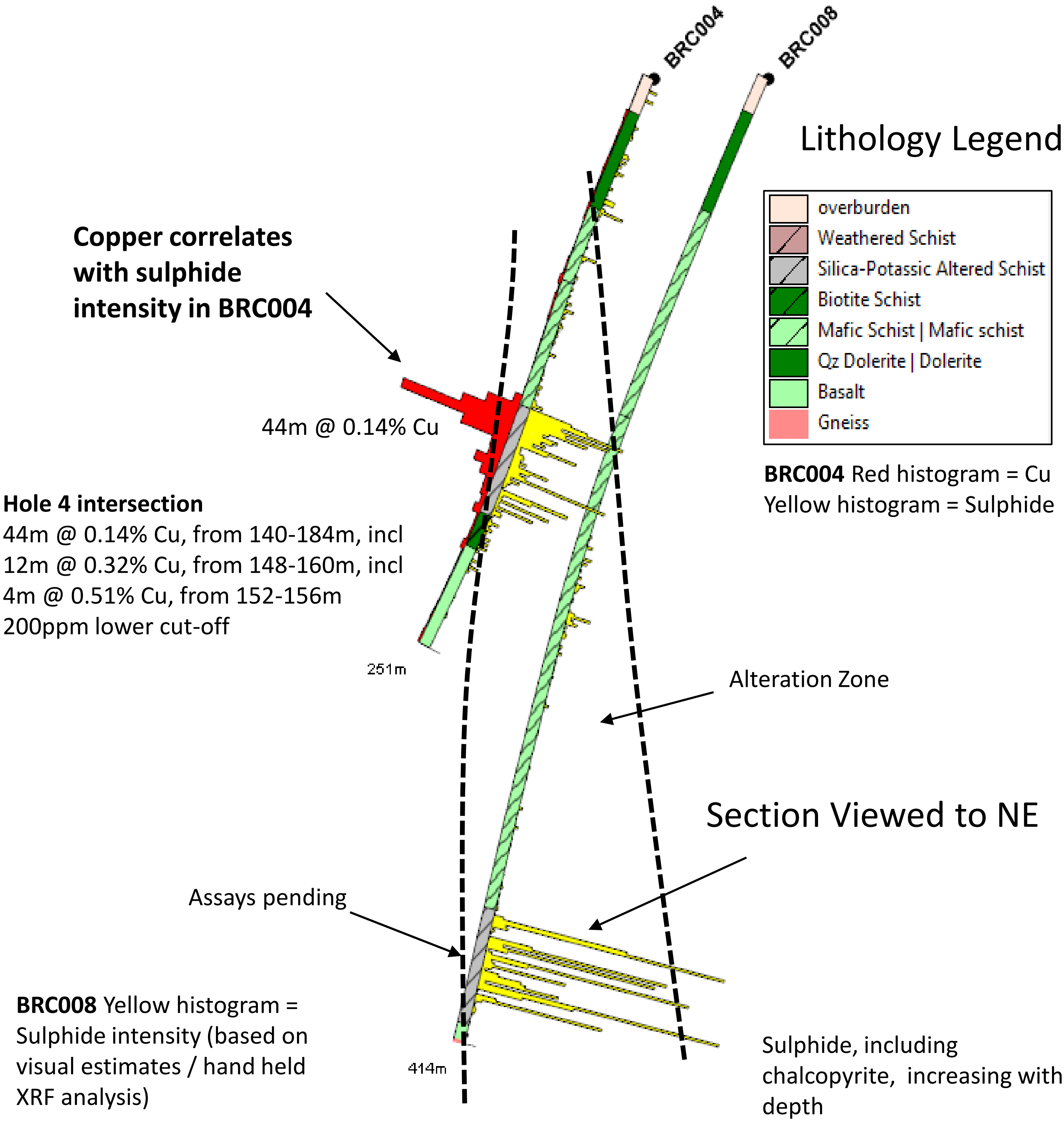

Figure 2. NW-SE cross section of southernmost drilling at Belele.

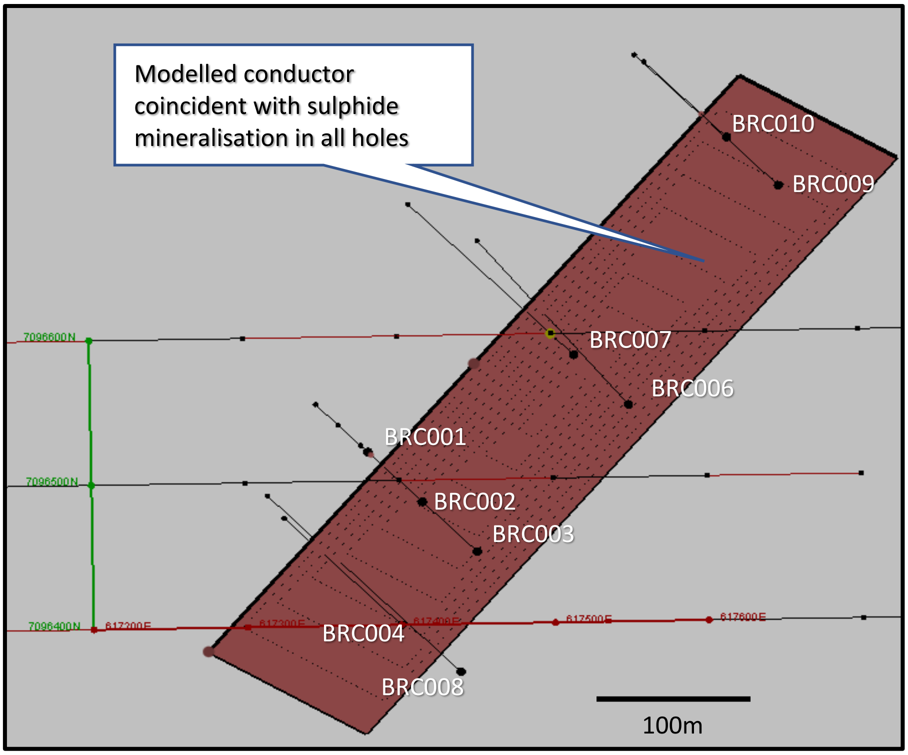

Figure 3. Belele plan view showing drill collars and traces with modelled conductor

Dingo Pass

Three holes have been completed at Dingo Pass targeting three separate conductors. Hole 1 intersected a narrow zone of pyrrhotite mineralisation sufficient to explain the conductor in a mafic amphibolite. Hole 2 failed to reach the targeted depth of the conductor. Hole 3 intersected a thick zone of mafic amphibolite with multiple narrow zones of minor sulphides, including traces of chalcopyrite and a nickel bearing sulphide (based on XRF spot analysis), however none of the zones contained sufficient sulphide content to explain the conductor. The conductor and any potential massive sulphides remain undiscovered. Downhole EM is planned for this hole to better target any massive sulphides.

The remaining conductive targets at the Dome prospect require a track mounted drill rig due to the terrain. These are the highest conductance anomalies within the entire Dingo Pass license package and are coincident with the highest anomalous nickel, copper and PGE's in soils. Desert Metals is actively trying to source a track mounted rig and will commence drilling on the Dome as soon as one is secured.

The Dingo Pass program is being co-funded by the State Government Exploration Incentive Scheme (EIS) with a grant of $150,000. The EIS directly supports explorers in Western Australia through a competitive program which offers co-funding to innovative exploration drilling projects.

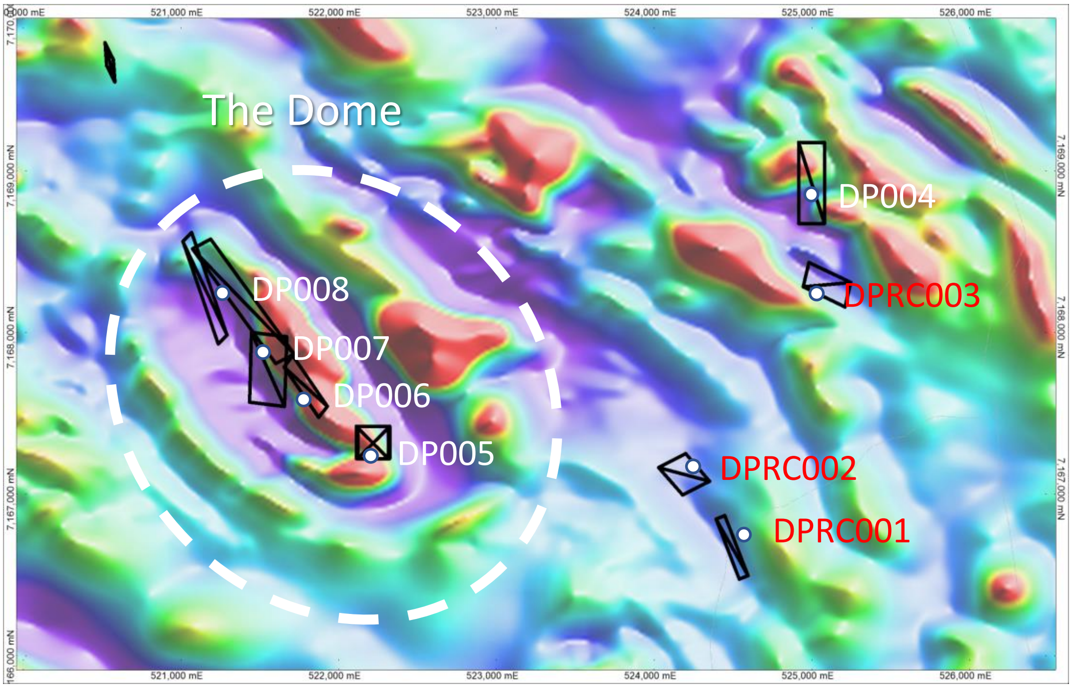

Figure 4a) modelled high conductance plates from ground EM over RTP magnetic data at Dingo Pass with proposed drill hole locations. White – holes yet to drill. Red – already drilled

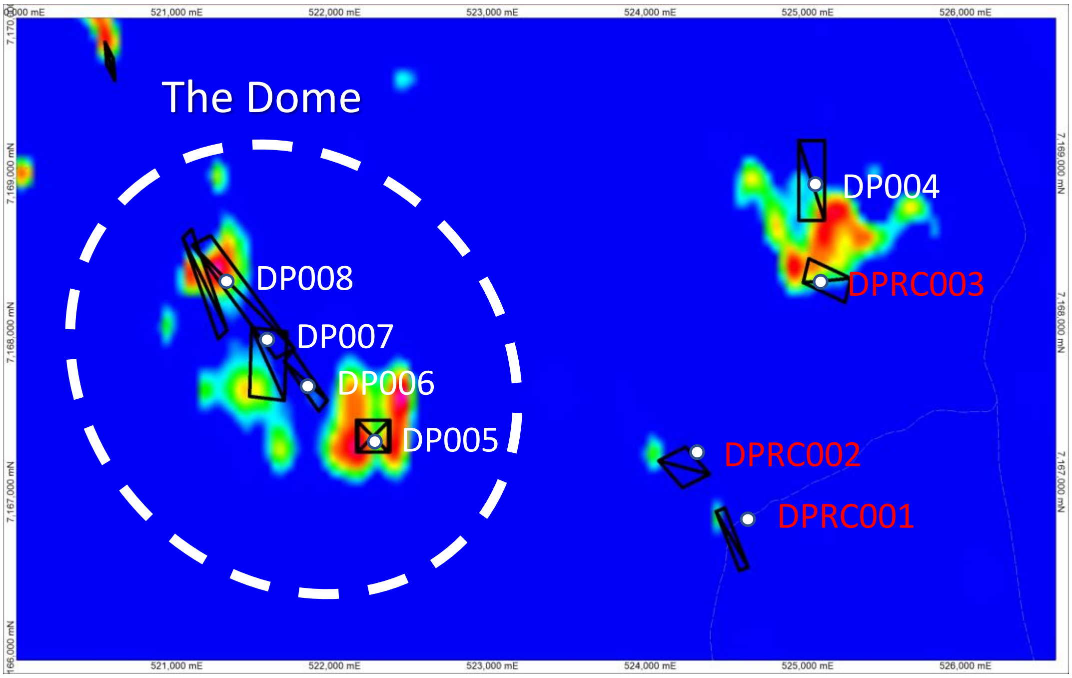

Figure 4b) modelled high conductance plates from ground EM over 100m depth slice of conductivity inversion of airborne EM data.

Authorised by the Board of Desert Metals Limited.

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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.

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	• *Nature and quality of sampling (e.g., 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 (e.g., '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 (e.g., submarine nodules) may warrant disclosure of detailed information.*	• Reverse Circulation (RC) drilling samples were collected as 1m samples split from the rig cyclone using a cone splitter. These samples were then stored securely on site. Approximately 1kg of sample was also collected from each metre interval and composited into one sample for every 4m. The 4m composite samples were then sent for analysis.
Drilling techniques	• *Drill type (e.g., core, reverse circulation, open-hole hammer, rotary airblast, auger, Bangka, sonic, etc.) and details (e.g., 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.).*	• BRC006, BRC007, BRC008, BRC009, BRC010,DRC001,DRC002,DRC003 Reverse circulation to end of hole • Drill collars are surveyed using hand-held GPS (+/- 2 metres horizontal accuracy). • Drill collar orientation was by compass and inclinometer • Downhole surveys were completed with a gyroscope

Criteria	JORC Code explanation	Commentary
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.*	• Chip and 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 minerology, mineralization, weathering, lithology, colour and other features are recorded and photographed for each sample.
Sub-sampling and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core* • *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.*	• 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. • Duplicates, blanks and standards were submitted for analysis at a rate of approximately 1 per 20 samples, for quality assurance and control. • Drill sample sizes are considered appropriate for the style of mineralisation sought and the nature of the drilling program.

Criteria	JORC Code explanation	Commentary
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 model, reading times, calibration factors applied and their derivation etc.* • *Nature of quality control procedures adopted (e.g., standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e., lack of bias) and precision have been established.*	• RC and core samples underwent sample preparation and geochemical analysis by ALS Perth. Au-Pt-Pd was 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) • Certified analytical standards and blanks were inserted at intervals of approximately 1 every 20 samples (i.e.,5% of samples). All QAQC samples returned results within acceptable levels of accuracy
Verification of assaying	• *The verification of significant intersections by either independent or* • *The use of twinned holes.* • *Documentation of primary data, dtat entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The Desert Metals Exploration Manager has personally inspected all core and chips. • 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. • No adjustments were made to the assay 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*	• Drill hole collar locations were recorded using handheld GPS. • Soil sample locations were recorded using handheld GPS. • Expected accuracy is + or -2m for easting, northing and north-seeking gyro with readings at the surface and then approximately every 3m downhole. • The grid system is MGA_GDA94 (zone 50), local easting and northing are 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	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample composting has been applied.*	• 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. • RC precollar samples were composted to create 4m composite samples.
Orientation of data in relation to geological structure	• *Whether the orientation of the sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• Insufficient information to determine at this time. • The orientation of drilling is broadly orthogonal to the modelled conductive plates
Sample security	• *The measures taken to ensure sample security.*	• Samples were sealed in polyweave bags that were cable-tied closed and stored securely on site until transported by company personnel to the lab.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been conducted at this stage.

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 license to operate in the area.*	• Surveys were conducted within DM1 100% owned ExplorationLicense E52/3665 and E51/1907 • 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 tenements have had very limited published or open file exploration work for magmatic VMS or Ni intrusive 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 is described in the prospectus downloadable from the company's' website
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Mineralisation anticipated to be related to mantle-derived intrusives intersected by trending linear structures. • Mineralisation anticipated to be related to Volcanic hosted massive sulphide style deposits • Mineralisation anticipated to be related to orogenic style gold deposits

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Drill hole information</td><td>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 collars
elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole
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.</td><td><table>
<tr><th>Hole ID</th><th>East</th><th>North</th><th>Azimuth</th><th>Dip</th><th>Depth</th><th>Project</th></tr>
<tr><td>BRC006</td><td>617553</td><td>7096551</td><td>315</td><td>-60</td><td>150</td><td>Belele</td></tr>
<tr><td>BRC007</td><td>617519</td><td>7096587</td><td>315</td><td>-60</td><td>300</td><td>Belele</td></tr>
<tr><td>BRC008</td><td>617438</td><td>7096367</td><td>315</td><td>-65</td><td>414</td><td>Belele</td></tr>
<tr><td>BRC009</td><td>617650</td><td>7096700</td><td>315</td><td>-60</td><td>260</td><td>Belele</td></tr>
<tr><td>BRC010</td><td>617617</td><td>7096734</td><td>315</td><td>-60</td><td>150</td><td>Belele</td></tr>
<tr><td>DRC001</td><td>524154</td><td>7167170</td><td>200</td><td>-80</td><td>256</td><td>Dingo</td></tr>
<tr><td>DRC002</td><td>524485</td><td>7166754</td><td>220</td><td>-80</td><td>226</td><td>Dingo</td></tr>
<tr><td>DRC003</td><td>525047</td><td>7168250</td><td>25</td><td>-80</td><td>142</td><td>Dingo</td></tr>
</table></td></tr>
<tr><td>Data aggregation methods</td><td>In reporting Exploration Results, weighting average techniques, maximum and/or minimum grade truncations (e.g., cutting of high grades) and cut-off grades are usually Material and should be stated.
Where aggregate intercepts incorporated short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregation shown in detail.
The assumption used for any reporting of metal equivalent values should be clearly stated.</td><td>Anomalous copper (Cu) results were reported using a 200ppm lower PGE cutoff
The reported intervals used only 4m composite sample data.</td></tr>
<tr><td>Relationship between mineralisation</td><td>These relationships are particularly important in the reporting of Exploration Results.
If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</td><td>Any reported intervals are “down hole” lengths</td></tr>
<tr><td>widths and intercept lengths</td><td>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g., ‘down hole length, true width not known’).</td><td></td></tr>
<tr><td>Diagrams</td><td>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.</td><td>Refer to Figures in body of text</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *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.*	• All results considered significant are reported.
Other substantive exploration data	• *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.*	• All known and relevant data has been reported.
Further work	• *The nature and scale of planned further work (e.g., tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• A full review of the results to date will be undertaken prior to any future programs being planned.