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EXPLORATION UPDATE BEGINNING OF Q1 FIELD SEASON

- **Airborne EM crew have arrived onsite and begun large scale 2800-line km Electromagnetic Survey over western licenses**
- **Hagstrom Drilling Pty Ltd have been engaged for an RC and diamond drilling program due to commence on 8/02/21**
- **Ground EM planned to follow up any airborne anomalies**
- **Strong conductors in ultramafic rocks at Irrida Hill and Innouendy prospects identified from previous ground EM surveys to be drilled. Follow up with DHEM planned**

Desert Metals Limited (“Desert” or the “Company”) is pleased to announce that its field season for Q1 began on 20/1/21.

The initial work program consists of drill testing several strong EM conductors identified at its wholly owned Innouendy and Irrida Hill prospects.

The conductors lie within mafic and ultramafic intrusive bodies and are coincident with large oval shaped magnetic anomalies. Holes will be followed up with down-hole EM to locate any near-miss off-hole conductors.

The drilling costs will be partly covered by a \$150,000 EIS grant from the Western Australian State Government.

Desert has begun a large scale 2800-line km airborne EM survey with the expectation that this survey will generate additional targets.

Multiple Conductors at Irrida Hill - drilling due to commence the second week in February

- Multiple High-Conductance ground EM anomalies (Figure 1)
- Strong, discrete magnetic low at prominent structural intersection
- Sub-cropping intrusion confirmed in field
- Anomalous nickel and copper in UM from historical shallow drilling [Western Mining percussion drilling 1977 (exact location unknown) , GDE-9 surface to EOH (14m) average 2077 ppm Ni, GDE-10 surface to EOH (18m) average 2091 ppm Ni]

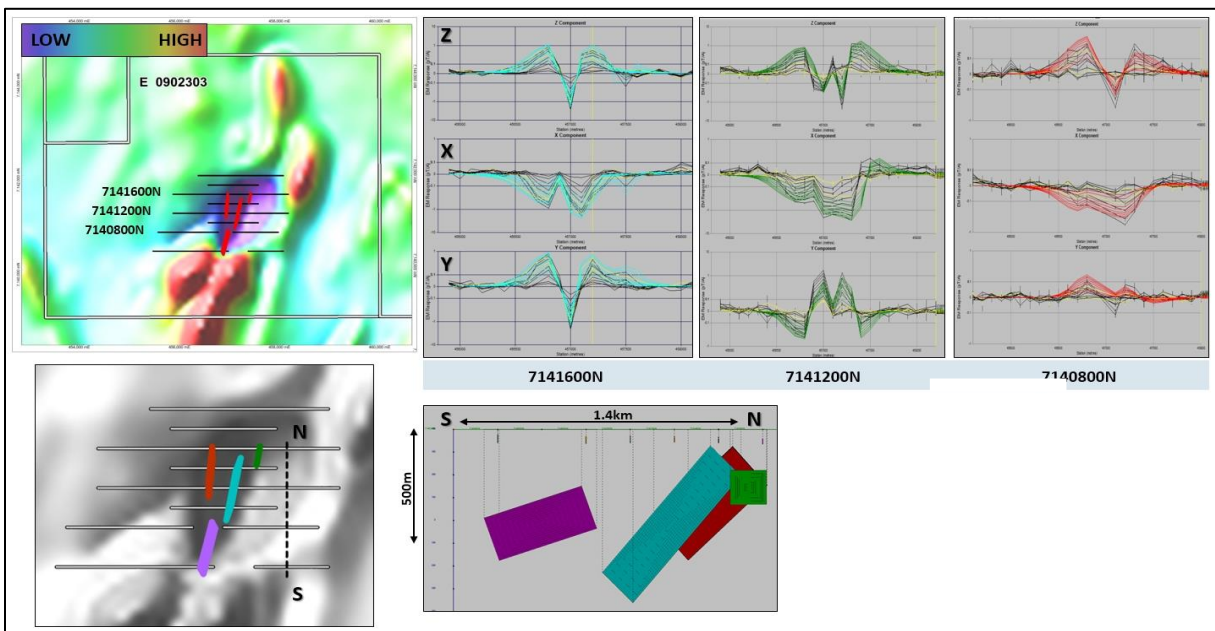


Figure 1: Magnetic and ground EM data at Irrida Hill.

Top LEFT: RTP Magnetic Image

Top RIGHT: Model of X,Y,Z components of ground moving loop EM data over 3 of 9 survey lines. Black- raw data, Colour-modelled response.

Bottom LEFT: Modelled plates [conductors] over greyscale magnetic image.

Bottom RIGHT: North-South section [looking west] showing the modelled conductors.

Multiple conductors at Innouendy – drilling due to commence late February

- The Innouendy prospect contains several Class 1 (high amplitude, late time) conductors identified by airborne EM and confirmed by ground EM data (Figure 2)
- The conductors are in ultramafic intrusive rocks on the margin of the Yilgarn Craton
- Final heritage clearance for Innouendy is expected late January 2021

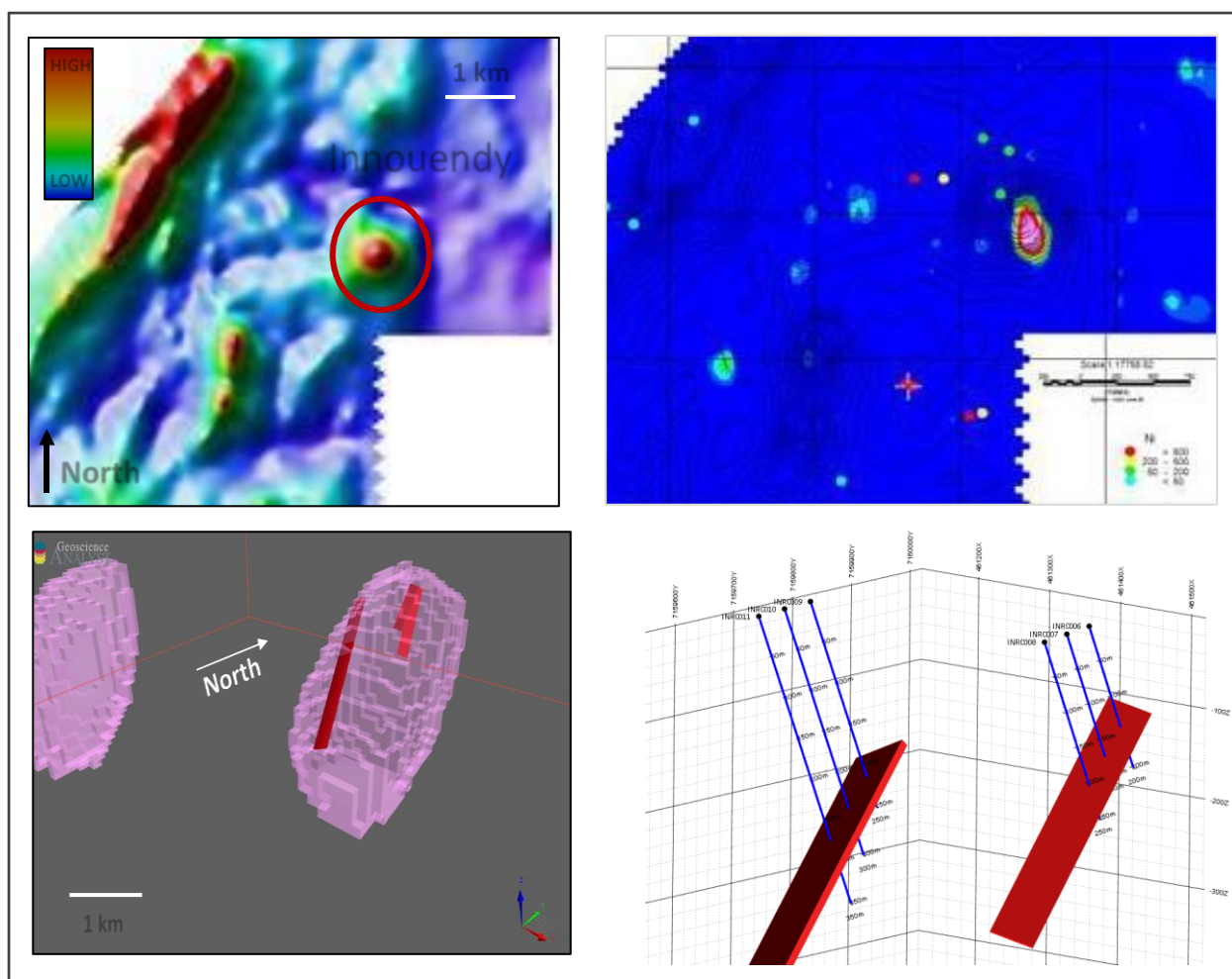


Figure 2: Magnetic and EM data at Innouendy.

Top LEFT: RTP Magnetic Image

Top RIGHT: Airborne EM Image

Bottom LEFT: Modelled conductors within UM intrusive [Pink surface: 3D magnetic model -interpreted extent of intrusion
Red plates: Modelled > 2000S conductors within the UM intrusive]

Bottom RIGHT: Indicative drill holes into modelled conductors. Exact locations will be determined by results and DHEM

Helicopter EM survey - crew onsite

An Airborne EM crew from New Resolution Geophysics is on site to begin a large-scale EM survey. This will cover the prospective area between Irrida Hill and Innouendy, as well as a large section of the craton margin covered by Desert's tenements (Figure 3).

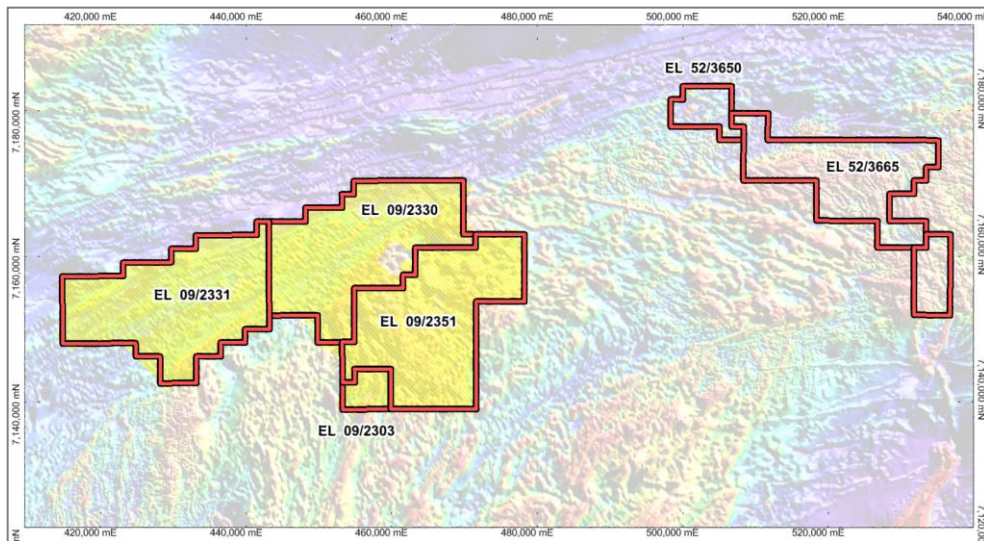


Figure 3: EM Survey Coverage in Yellow

For more information, please read the presentation on the company's website.

Authorised by the Board of Desert Metals Limited.

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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. The information in this announcement was first released by the Company in its IPO prospectus dated 18 December 2020, and released on the ASX market announcements platform on 18 December 2020 (Prospectus). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus.