

## ASX RELEASE 30 APRIL 2021

**ASX RELEASE:**

30 April 2021

**ASX CODE:** DM1

**BOARD:**

Mr Mark Stewart  
*Chairman*

Dr Robert Stuart  
*Managing Director*

Mr Tony Worth  
*Director*

**HEAD OFFICE**

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### Quarterly Activities Report – Quarter ended 31 March 2021

- **3,047 line km Airborne EM survey completed. Multiple new high conductance anomalies detected**
- **One new anomaly is close to an historic 1978 Western Mining Corporation (WMC) drillhole that recorded 0.59% Ni over 14m.**
- **Drilling campaign initially delayed by record rainfall and cyclone Seroja**
- **Drilling campaign commenced after the end of the quarter at Innouendy and Irrida Hill**

Desert Metals Limited (“Desert” or the “Company”) is pleased to provide the following report on its activities for the quarter ended 31 March 2021.

#### Exploration Activities

In February, the Company completed a 3,047 line km helicopter-borne electromagnetic survey. These data clearly show between 6 – 12 additional, discrete high conductance drill targets within 20km of the interpreted Craton margin (Figure1). These anomalies indicate the presence of conductive material which could be nickel-copper sulphide mineralization. They could also be caused by a number of uneconomic sources.

One target of particular interest lies approximately 100m from an historic WMC drill hole which returned 0.59% Ni over 14m (Figure 2). These were the highest nickel values recorded in the 52-hole percussion drilling programme completed in 1978.

Ground EM is planned in the second quarter to confirm the airborne EM conductors’ exact locations, strength and orientation. Following the ground EM surveys, prioritized targets will be drill tested.

ASX RELEASE 30 APRIL 2021

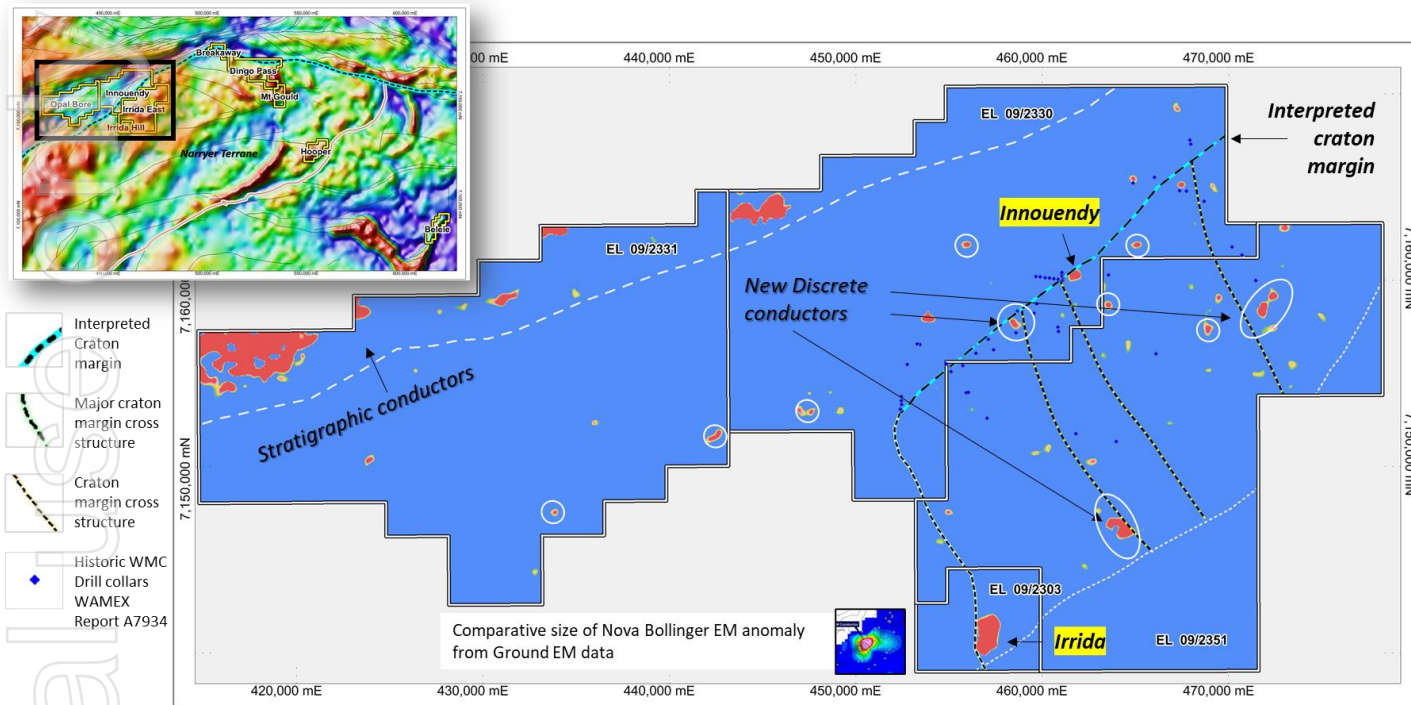


Figure 1. Main image: generated by applying hysteresis thresholding to preliminary late time dB/dT Tau (time constant) data. Nova Bollinger ground EM shown for geographic scale only. Top Left: DM1 tenements over crustal scale residual Bouguer gravity.

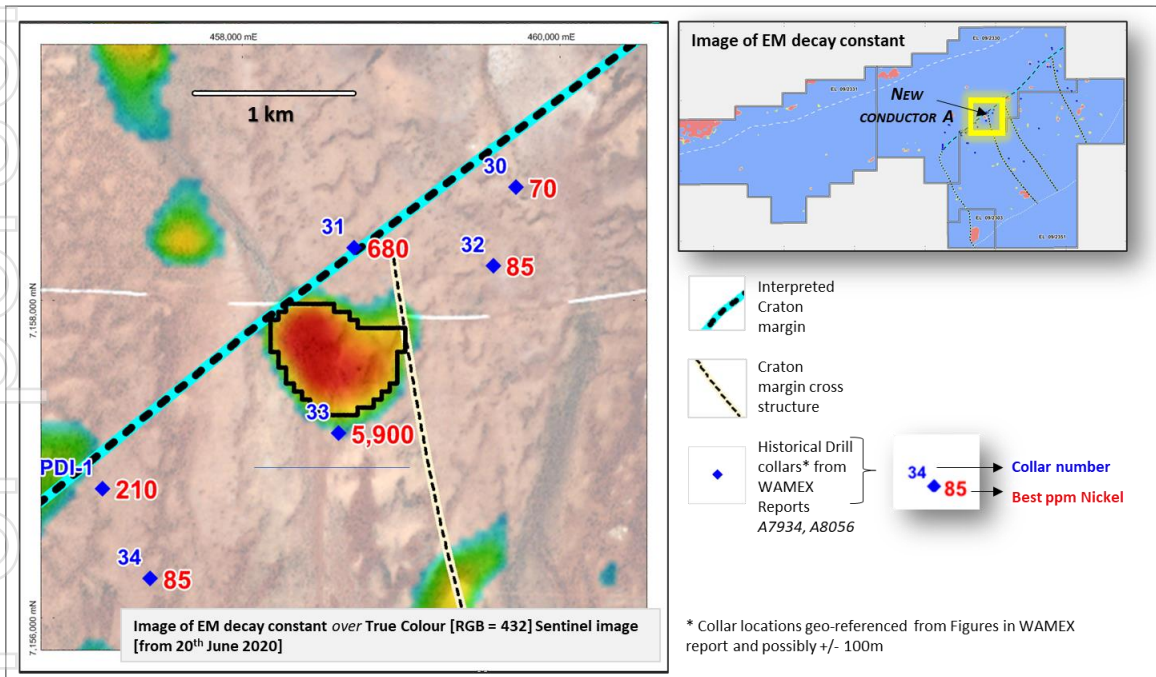


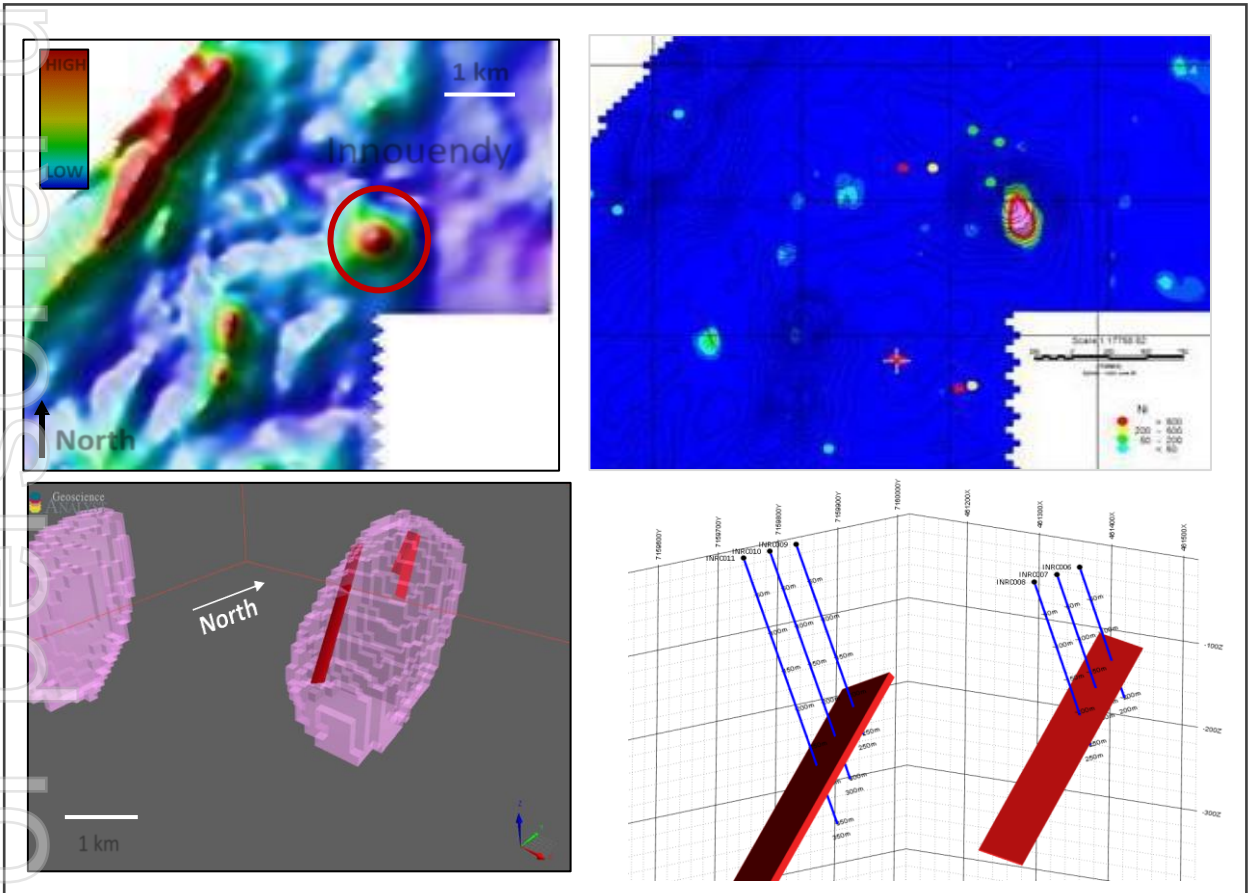
Figure 2. One of the new conductors on an interpreted structural break with adjacent historical drilling up to 5900ppm Ni. Image of EM decay constant over True Colour [RGB = 432] Sentinel image [from 20<sup>th</sup> June 2020]

ASX RELEASE 30 APRIL 2021

### Innouendy Drilling - commenced after quarter end

Following the end of the quarter, the Company announced the commencement of the drill testing at Innouendy and Irrida Hill. The program consists of approximately 13 holes of reverse circulation (RC) and diamond drilling for approximately 3,750m.

The Innouendy project consists of two high conductance plates detected on multiple airborne and ground EM surveys carried out by previous explorers. Previous explorers drilled 5 RC and one diamond hole attempting to intersect the eastern conductor. Historic drilling intersected ultramafic intrusive rocks but no massive sulphides or explanation for the conductor was detected. The western conductor has not been drill tested. Desert Metals current drilling program aims to test these conductors for the presence of massive sulphide which may contain economic mineralization.



**Figure 3:** 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.

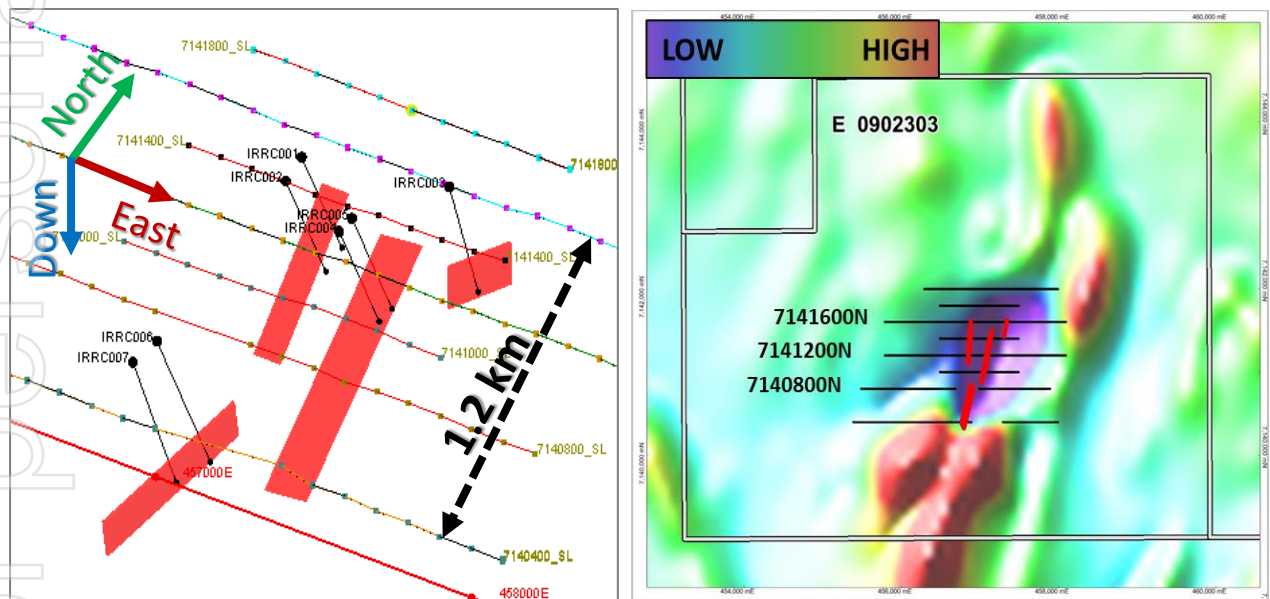
ASX RELEASE 30 APRIL 2021

## Irrida Hill – Drilling program commenced after quarter end

The Irrida Hill project consists of multiple high conductance plates modelled from ground EM data collected by the Company. These anomalies also show up clearly on the Company's airborne EM data collected during the quarter (see Figure 1). These conductors are coincident with a strong, discrete magnetic low at prominent structural intersection as interpreted from regional magnetic data. Ground inspection confirms a sub-cropping intrusion coincident with the magnetic low.

Anomalous nickel and copper in UM from historical shallow drilling was reported by WMC [Western Mining percussion drilling 1977 (exact location unknown) , GDE-9 surface to EOH (14m) average 2,077 ppm Ni, GDE-10 surface to EOH (18m) average 2,091 ppm Ni].

Following the end of the quarter, the Company announced the commencement of the drill testing of each of these conductive plates for the presence of massive sulphide which may contain economic mineralization. The Irrida Hill program consists of approximately 7 holes of RC and diamond drilling for approximately 2,300m.



**Figure 4:** Magnetic image and modelled EM targets at Irrida Hill.

RIGHT: RTP Magnetic Image with EM survey lines and modelled plates [red]

LEFT: Oblique view [looking northwest] showing the modelled conductors and planned drill holes.

ASX RELEASE 30 APRIL 2021

**Payment to Related Parties**

The Company advises that the payment to related parties of \$171,202 included Executive directors remuneration, professional consulting and directors fees.

**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 March 2021 quarter are as follows;

Exploration on Western Australian projects: \$218,834.

**Finance and Use of Funds**

Pursuant to ASX listing rule 5.3.4, the Company provides a comparison of its actual expenditure against the estimated expenditure on items set out in section 5.5 of the Company's Prospectus.

Activity Description	Funds Allocated	Actual to Date (9 months)
Exploration (2 years)	\$4,774,202	\$745,744
Administration (2 years)	\$1,000,000	\$252,405
Expenses of the Offer	\$494,148	\$557,435

Authorised by the Board of Desert Metals Limited.

For further details please contact:

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Managing Director

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**Tony Worth**

Director

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ASX RELEASE 30 APRIL 2021

### **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 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.*

### **Corporate Information**

#### **Joint Company Secretaries**

Paul Heatley & Johnathon Busing

#### **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 55,000,000.

ASX RELEASE 30 APRIL 2021

### **Tenement Information**

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

TENID	TYPE	TENSTATUS	Ownership	HOLDER
E 0902303	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 0902330	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 0902331	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 0902351	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 5101901	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 5101907	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 5203650	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 5203665	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED
E 5203741	EXPLORATION LICENCE	LIVE	100%	DESERT METALS LIMITED