DESERT METALS Limited

ABN 84 617 947 172

ANNUAL REPORT

for the financial year ended
30 June 2023

Corporate directory

Board of Directors

Mr Mark Robert Stewart	Non-Executive Chairman
Dr Robert Angus Castle Stuart	Managing Director
Mr Antony William Worth	Technical Director
Mr Keith Charles Murray	Non-Executive Director

Company Secretary
Mr Paul Heatley

Registered and Principal Office
Level 3, 59 Parry Street
Perth, Western Australia 6000
Tel: +61 8 9758 1333
Facsimile: +61 8 6118 3906

Postal Address
PO Box 1253
Dunsborough, Western Australia 6281

Website
www.desertmetals.com.au

Auditors
Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco, Western Australia 6008
Tel: +61 8 9426 0666

Share Registry
Automic Group
Level 2, 267 St Georges Terrace
Perth, Western Australia 6000
Tel: +61 1300 288 664
Tel: +61 2 9698 5414

Stock Exchange
Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth, Western Australia 6000

ASX Code
DM1

Contents

Directors' Report

The Directors present their report on Desert Metals Limited ("Desert Metals" or "the Company") for the financial year ended 30 June 2023.

Directors

The following persons were Directors of the Company during the entire financial year and up to the date of this report:

Mark Robert Stewart (Non-Executive Chairman)
Robert Angus Castle Stuart (Managing Director)
Antony William Worth (Technical Director)
Keith Charles Murray (Non-Executive Director)

Board of Directors

The Company's Directors in office as at 30 June 2023 were:

Name	Particulars
Mr Mark Robert Stewart	
Experience	Non-Executive Chairman, joined the Board on 15 April 2020. Mr Stewart has over 30 years of international legal and commercial experience, particularly in the resources industry, in Africa, Asia, North America and Australia. He worked as an in-house lawyer for Anglo American plc for over ten years. Mr Stewart has broad commercial experience in the junior mining and resources sector, having worked for junior listed resource companies from 2003 to 2010, including roles as a Non-Executive Director, Managing Director and Chairman of several ASX listed resource companies. Mr Stewart holds a Bachelor of Journalism majoring in Journalism and Law from Rhodes University (South Africa) and a Bachelor of Laws from the University of Cape Town (South Africa). He is a member of the Australian Institute of Company Directors.
Directorships held in other listed entities (last 3 years)	Nil
Dr Robert Angus Castle Stuart	
Experience	Managing Director, joined the Board on 29 March 2017. Dr Stuart is a geoscientist who has worked in mineral exploration for the last 25 years. He has successfully explored for precious and base metals as well as bulk commodities in Australia, North America, Africa, the former Soviet Union and Asia. He has worked for listed junior explorers and major mining companies. Dr Stuart spent 5 years as Program Manager - Minerals Exploration at BHP Billiton where he managed regional exploration for Russia and Central Asia, exploring for copper, nickel and metallurgical coal. Prior to that he was Program Manager for near mine exploration at BHP Billiton / Nickel West in Western Australia.
Directorships held in other listed entities (last 3 years)	Nil

Mr Antony William Worth

Experience	Technical Director, joined the Board on 29 March 2017. Mr Worth is a geologist and business development consultant with 25 years' experience. He has worked in Australia, Africa, North America and South America on a wide range of commodities and deposit styles. Mr Worth has a broad range of experience across all aspects of the minerals exploration industry, from target generation, exploration management and field programs implementation, through to commodity market analysis, joint venture negotiations and project acquisitions.
Directorships held in other listed entities (last 3 years)	Nil

Mr Keith Charles Murray

Experience	Non-Executive Director, joined the Board on 7 July 2021. Mr Murray is a member of Chartered Accountants Australia and New Zealand with extensive knowledge and experience built up over 40 years at General Manager level in audit, accounting, tax, finance, treasury and corporate governance. Mr Murray's experience in mining extends to the 1990's during which time he was Group Accounting Manager Corporate and Taxation, and joint Company Secretary for Eltin Limited, a leading Australian based international mining services company. Mr Murray is currently General Manager Corporate and Company Secretary for Heytesbury, the privately owned Holmes à Court family company group in Western Australia.
Directorships held in other listed entities (last 3 years)	Siren Gold Ltd (current) Iceni Gold Ltd (current)

Meetings of Directors

Particulars of the number of meetings of the Company's Directors (including meetings of committees of Directors) during the financial year, and the number of those meetings attended by each Director (as applicable), are detailed in the table below.

	Board meetings	
Directors	Eligible to attend	Attended
Mark Robert Stewart	9	9
Robert Angus Castle Stuart	9	9
Antony William Worth	9	9
Keith Charles Murray	9	9

Interests of Directors

The following table sets out each director's relevant interests in shares and options of the Company or in any related body corporate as at the date of this report:

Directors	Fully paid ordinary shares Number	Share options Number
Mark Robert Stewart	200,000	1,600,000
Robert Angus Castle Stuart	10,360,000	3,900,000
Antony William Worth	5,200,000	1,500,000
Keith Charles Murray	350,000	800,000

Company Secretaries

The following persons acted as Company Secretary of the Company during the financial year and up to the date of this report:

Mr Paul Heatley
Mr Heatley is the founder and director of Halifax Advisory. He specialises in providing CFO, business management and corporate governance services to medium and large businesses.

Mr Heatley was previously a partner in a mid-sized accounting practice and has 20 years' experience in providing business advisory, taxation and company secretarial services to a range of large private and public unlisted companies.

He is a member of CPA Australia and holds a public practice certificate.

Mr Johnathon Busing (resigned 4 July 2022)
Mr Busing is currently the founder and director of Everest Accounting. He specialises in advising ASX listed companies on compliance, mergers and acquisitions, consulting and statutory accounting requirements.

Mr Busing was a forensic accountant at RSM before joining Mining Corporate in 2011 and was responsible for the compliance and accounting requirements of ASX listed and unlisted entities. Mr Busing is the current company secretary for multiple ASX listed entities.

Mr Busing is a member of Chartered Accountants Australia and New Zealand and holds a public practice certificate.

Indemnification of officers and auditors

Indemnification
During or since the end of the financial year, the Company has paid the premiums in respect of a contract to insure Directors and other officers of the Company against liabilities incurred in the performance of their duties on behalf of the Company. The officers of the Company covered by the insurance policy include any natural person acting in the course of duties for the Company who is or was a Director, secretary or executive officer, as well as senior and executive staff.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Insurance premiums
During the financial year the Company has paid a premium of $24,475 in respect of a contract to insure the directors and officers of the Company against any liability incurred in the course of their duties to the extent permitted by the Corporation Acts 2001.

Dividends
No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

Options

Unissued shares under options
On 31 August 2022 the Company issued 225,000 options to employees and eligible contractors under the Company's Employee Incentive Plan. The terms of these options are set out at Note 21 to the financial statements.

On 8 March 2023 the Company issued 1,000,000 options to Canaccord Genuity (Australia) Limited pursuant to a lead manager mandate dated 5 October 2022. The terms of these options are set out at Note 21 to the financial statements.

Shares issued on exercise of options
None.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 24.

Corporate governance

The directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. The Company's Corporate Governance Statement and its compliance with ASX guidelines can be found on the Company's website at www.desertmetals.com.au. The policies and compliance as stated were in place for the whole year and are current as at the date of this report.

The Company considers it is not of a sufficient size to establish an audit and risk committee, remuneration committee and nomination committee. Accordingly, there were no meetings held by these committees.

The Board currently carries out the duties that would ordinarily be assigned to these committees under the written terms of reference for that committee in its Corporate Governance Plan as published on its website.

As an Audit and Risk Committee has not been established, the processes the Board employs to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner, and the process it employs for overseeing the Company's risk management framework are carried out by the Board as a whole in accordance with Schedule 3 – Audit and Risk Committee Charter of the Company's Corporate Governance policy.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the financial year.

Operating and Financial Review

Operating results

The comprehensive loss of the Company after tax for the year ended 30 June 2023 was $706,374 (2022: $567,262). Further discussions on the Company's operations are provided below:

Review of operations

Greenfields exploration

Desert Metals is focused on discovering new greenfields mineralisation in order to build long term value. Greenfields exploration by its nature focuses on underexplored regions of the earth where geological uncertainty is often greatest, but so are the potential rewards. These rewards can be realised in a very short period. It is a business of probability, risk, uncertainty, and geoscience, where companies can struggle for years only to then have fortunes made with a single intersection.

Since listing on the ASX in December 2020 Desert Metals has been successful in discovering new mineralisation across several different geological settings, project areas and commodity types. While these have not yet created the sustainable increase in value and share price the Company is seeking, the extreme volatility in price is in part testament to the nature of the business we are in. In particular the Company has:

- Discovered rare earth elements (REE) in shallow clays at Innouendy – First drilled in financial year 2022 (FY2022). Discovery announced in FY2023.
- Significantly extended the known footprint of REE mineralisation from the Tower Discovery onto Dingo Pass - FY2023
- Intersected new blind PGE mineralisation at Innouendy. Firstly, in FY 2022, then again and separately in FY2023
- Returned gold assays of up to 17.3g/t from the new project at Mt Opal – FY2023
- Targeted and defined a new undercover extension of prospective greenstone at Belele – FY2023
- Identified new laterite nickel mineralisation at Innouendy in FY2022
- Targeted and intersected blind and under-cover copper mineralisation at Belele in FY2022

Due to inherent uncertainty in any geoscientific model, in any greenfields exploration business on average many targets must be tested to produce a single economic intersection. In turn, because funds are always limited, many more targets are generated than can be tested by drilling. A key to maximising the chance of a significant economic intersection is to ensure that each individual target generated has the maximum chance of success.

It is equally the quality and the quantity of targets tested that maximises the Company's overall probability of creating long term value. Since inception the quality of Desert Metals targeting has led to the intersection of mineralisation in multiple commodities on multiple projects. The quantity of target testing during the 2023 financial year is shown in Table 1.

Table 1 - Desert Metals drilling completed in FY2023

Project Area	Commodity Targeted	# Holes Drilled	Metres Drilled
Innouendy	REE	278	12,739
Innouendy	Ni-Cu-PGE	12	1,536
Dingo Pass	REE	100	2,973
Dingo Pass	Ni-Cu-PGE	3	731
Belele	Au	72	2,609
Total		**465**	**20,588**

In addition to greenfields exploration during FY2023 the Company developed an understanding of the metallurgy and chemical nature of its discovery of rare earth element mineralisation at Innouendy. Although all indications are that the mineralisation at Innouendy is vast, the viability of any potential resource won't rely solely on its volume and in-situ grade. Equally critical will be the development of an economically sustainable method for extracting the REEs and converting them into a marketable product. As there are currently no clay hosted REE deposits in production in Australia this process produces both challenges and the opportunity to be at the forefront of a significant developing market.

Dingo Pass Project –REE Prospect

Exploration at Dingo Pass for rare earth elements during the year has been successful in defining clay hosted rare earth element mineralisation that extends from the Tower resource (ASX:KTA 21 November 2022) for at least 9km into Desert Metals' license. Analyses were received from the lab and announced after the end of the financial year (DM1:ASX September 1, 2023), although drilling, heritage and field work were conducted throughout FY2023.

In November 2022, Krakatoa Resources Limited reported a JORC compliant resource of 101Mt @ 840ppm TREO at their Tower prospect (ASX: KTA 21 November 2022). The eastern limit of the resource is truncated by the Dingo Pass tenement boundary with interpretation of remote sensing and radiometric data suggesting the REE mineralisation might continue into Desert Metals' Dingo Pass license (**Figure 1**).

Field reconnaissance with a portable XRF tool by DM1 personnel in late 2022 confirmed the presence of elevated REE's within the Dingo Pass tenement east of the Tower deposit. A Heritage survey was completed during 2023 and all proposed lines cleared.

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 onto DM1's 100% owned license E 52/3665. Of the 100 holes drilled, 74 holes returned assays greater than 500ppm total rare earth oxide (TREO) including 31 holes returning intercepts >1000ppm TREO. Assays of greater than 1000ppm TREO were intersected on all 5 lines (ASX: DM1 1 September 2023).

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 (**Figure 2**). The program has successfully confirmed that the Tower mineralisation footprint is at least five times larger within Desert Metals' license.

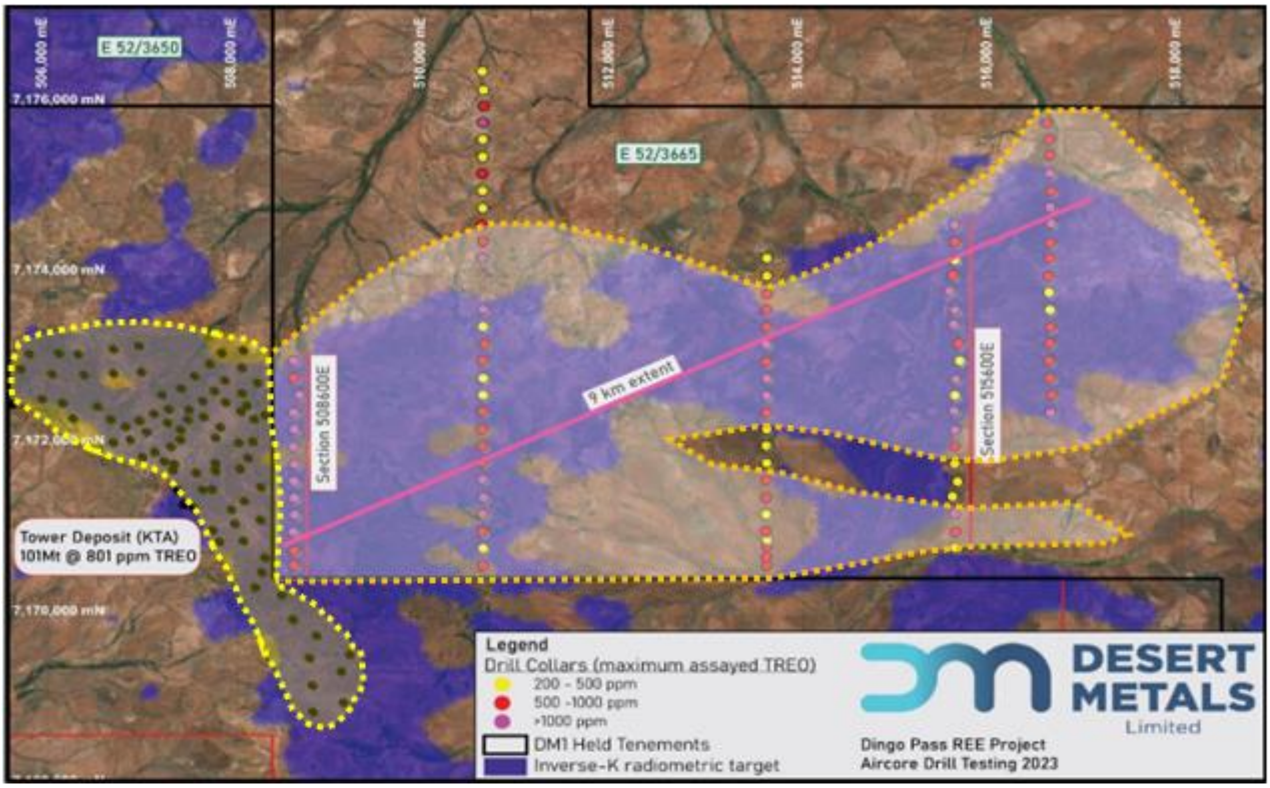


***Figure 1**. Dingo Pass REE results. Of the 100 holes drilled, 74 holes returned assays greater than 500ppm TREO including 31 holes returning intercepts >1,000ppm TREO. Yellow shape approximate footprint of KTA's 101Mt Resource. Orange shape approximate footprint of new DM1 mineralisation open to the north and east.*

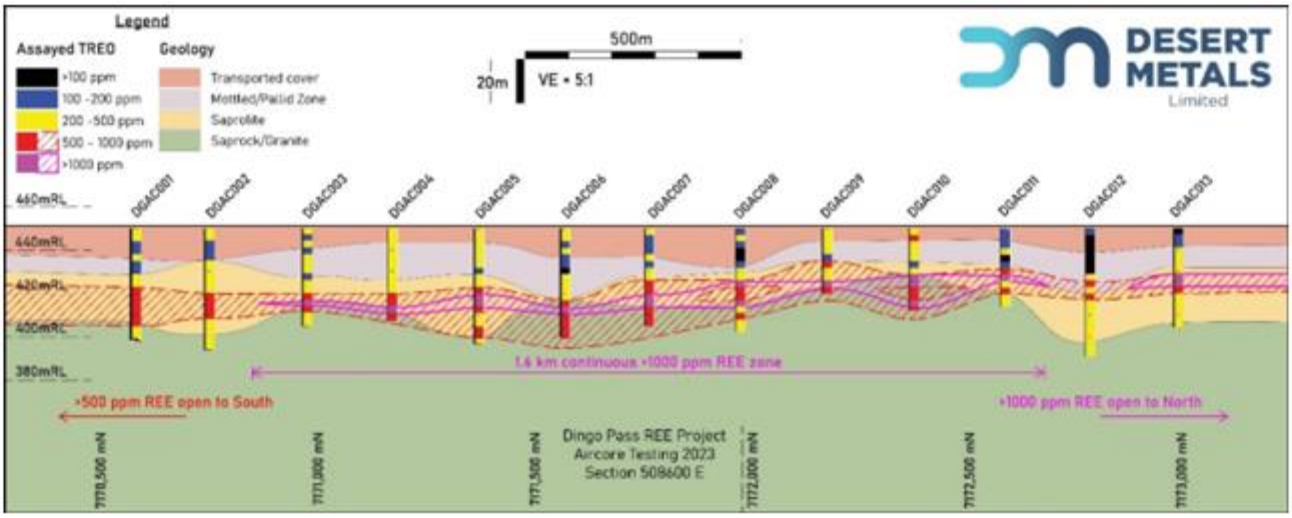


Figure 2. *Section 508600E. Mineralisation of >1,000ppm TREO is continuous for over 1.6km and is open to the north.*

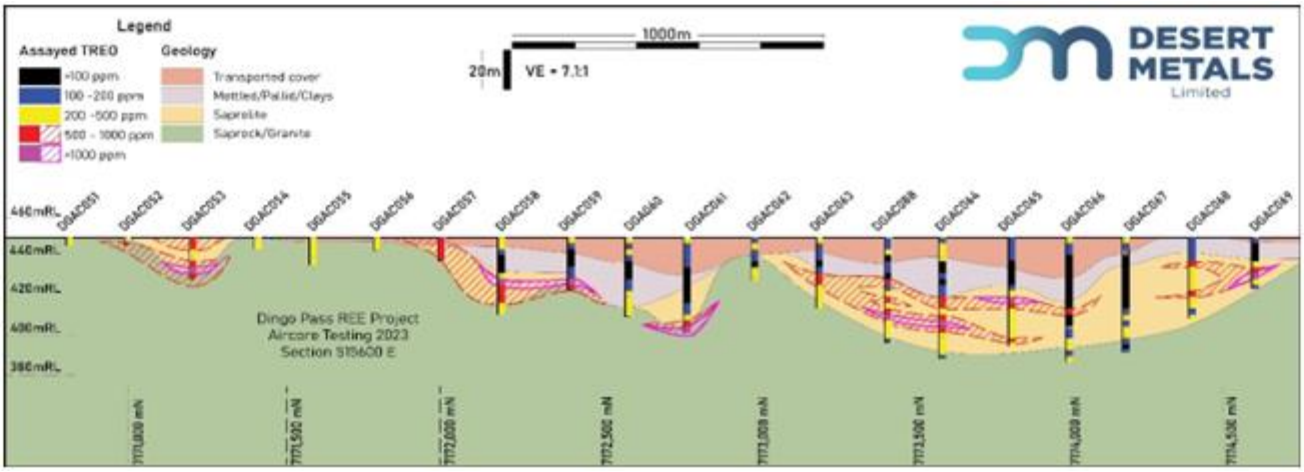


Figure 3*. Section 515600E. 7km to the east of the section in Figure 2. Mineralisation >1,000ppm TREO continues.*

The continuous REE mineralisation at Dingo Pass 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's, with DM1 holding most of the known mineralisation discovered to date.

The Company is evaluating how to move its REE projects forward in the context of currently difficult market conditions and comparatively weak REE prices. Subject to an improvement in market conditions, the Company does not currently intend to sole fund additional drilling for REE's on either Innouendy or Dingo Pass projects in the short term.

Dingo Pass Nickel Project

The Desert Metals Dingo Pass Nickel-Copper project consists of a number of untested high-conductance anomalies that lie within or adjacent to mafic / ultramafic intrusive bodies. With the project's proximity to the margin of the Yilgarn Craton, the working exploration model is that conductive bodies may be caused by nickel and/or copper sulphide mineralisation. High conductance anomalies can also be caused by a number of non-economic rock types, including metal sulphides, graphitic rocks or saline groundwater.

Downhole electromagnetic data (DHEM) was completed during the 2022/2023 year on 5 holes drilled earlier in 2022. The holes had been designed to intersect conductors modelled from ground and airborne EM data. DHEM confirmed that the very high conductance bodies had not been intersected by first pass drilling. The holes had intersected metamorphosed mafic intrusions with traces of disseminated copper (Cu) and nickel (Ni) bearing sulphides, but not enough sulphide or other conductive rock to explain the anomalies. The Company inferred that the targeted host intrusions have been deformed and metamorphosed and in other Ni provinces where this is the case, such as the Thomson Belt in Manitoba, Canada, the sulphides are often reworked into fold hinges and other structurally complex positions.

An additional four reverse circulation (RC) and diamond holes were drilled targeting the conductors modelled from DHEM. A total of 373m of RC drilling and 175m of diamond drilling were completed. All intersected uneconomic semi-massive and/or networked sulphides coincident with the targeted modelled conductor and hence the conductors are considered explained. The sulphides were predominantly pyrrhotite with minor chalcopyrite and pyrite hosted in medium to coarse grained amphibolite, inferred to be a metamorphosed mafic intrusive. This mafic intrusive unit is a promising potential host for nickel massive sulphides and occurred at the depth of the modelled conductor. While these were not economic intersections, the presence of sulphides including minor chalcopyrite within mafic intrusive rock provides encouragement for the Company to prioritise and test the remaining dozen or so highly conductive bodies within the Dingo Pass license (**Figure 4**). Conductors are prioritised by being associated with outcropping mafic / ultramafic intrusive rocks and / or nickel -copper anomalism in soils.

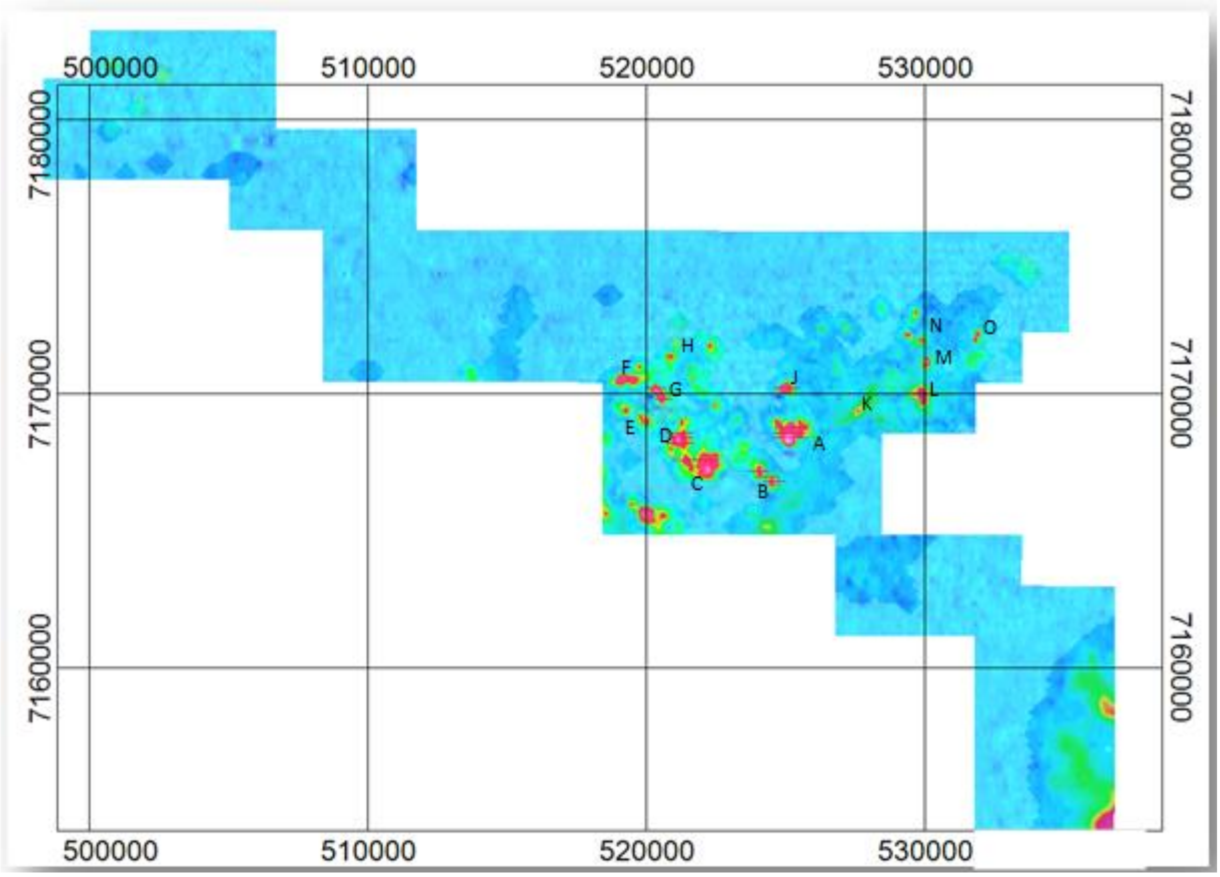


Figure 4. *Conductors at Dingo Pass. A-D tested – sulphides within mafic intrusives. Conductors E-O untested. Background image – calculated Tau time constant from airborne electromagnetics.*

Innouendy REE Project

Desert Metals announced that it had discovered a significant clay hosted rare earth element (REE) deposit at the Innouendy Project in the Narryer Terrane in Western Australia in September 2022. The extensive mineralisation was discovered by following up anomalous REE assays that were first identified in aircore drilling traverses for Ni-PGE targets. Initial total rare earth oxide (TREO) results from the program confirmed near surface, thick and continuous rare earth mineralisation, indicating the potential for a large mineralised system.

Subsequent results from drilling 313 holes significantly expanded the mineralised footprint and hence the potential size of the discovery. Results are within the weathered clay layer, are high grade for clay hosted mineralisation, are thick and extend over at least 21km of strike along the Yilgarn craton margin. In the northeast of the project a single drill line traverse perpendicular to the interpreted craton margin shows mineralisation across 2.5km. Similarly, results from the Innouendy central zone where drill lines have been oriented east-west show mineralisation across a width of greater than 2km. While a vast area of mineralisation has now been defined, the REE and the clays that host them essentially remain open in all compass directions. It is unknown whether the highest-grade parts of the discovery have yet been found.

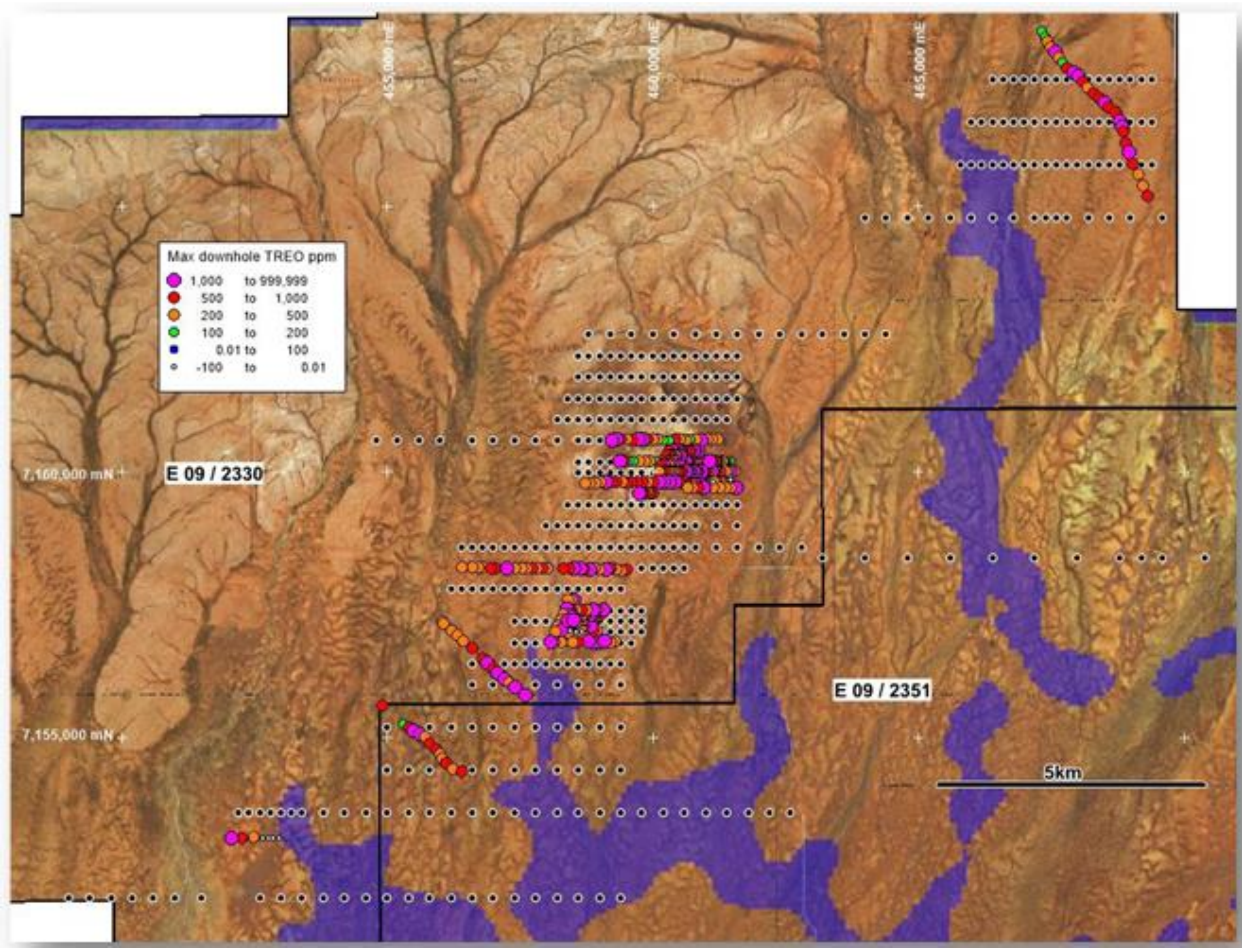


Figure 5. Innouendy drill holes coloured by maximum downhole TREO value. Black dots are planned drill holes. The Company does not intend to sole fund additional drilling for REE in the short term. Blue shaded areas are Paleochannels interpreted from airborne EM Geographical survey.

Innouendy Metallurgical Testwork

Although all indications are that the REE mineralisation at Innouendy is vast, the viability of any potential resource won't rely solely on its volume and in-situ grade. Equally critical will be the development of an economically sustainable method for extracting the REE's and converting them into a marketable product.

Recovery from Acid Leaching

80 samples were initially re-analysed using ALS Geochemistry's Aqua Regia weak acid digest procedure (ME-MS41W) to determine the proportion of leachable REE's in acid. Aqua regia leach is an ideal medium for the release of elements adsorbed on clay particles though will not dissolve significant quantities of the silicate and alumino-silicate minerals or major refractory minerals when compared to the near total digestion of the Lithium Borate Fusion method (ME-MS81) or the Four Acid digest (ME-MS61).

These results demonstrated that the REE's at Innouendy are loosely bound and suggest excellent recoveries are possible from a simple acid leach procedure. Of note are the high-value magnetic REE's neodymium, praseodymium, dysprosium, samarium, and gadolinium which average recoveries of well over 80%. These results encouraged the Company to proceed to more extensive metallurgical testing.

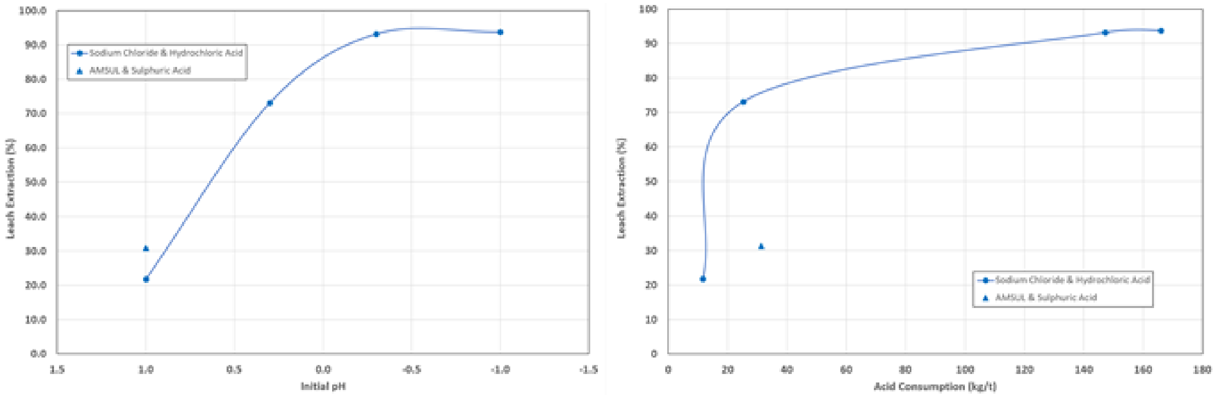
The work program consisted of a series of leach tests on two composite samples covering the two main deposit areas, Main Zone and Cattle Yard, at different depths and REE grades. Samples were selected to include both higher grade samples and material which is typical of less mineralised clays.

An initial series of leach tests were conducted on the individual composite samples using sulphuric acid and ammonium sulphate (AMSUL or (NH4)2SO4) at pH 3, 2 and 1 over 24 hours at room temperature. Recoveries of REE for these initial tests were relatively low, indicating more aggressive leaching conditions are required.

A second series of leach tests were conducted at higher acid concentrations. All tests were conducted on a composite sample made up in equal parts from the five Main Zone deposit samples. Both hydrochloric and sulphuric acids (HCl and H2SO4) were trialled in the leach tests. For tests at pH1 ammonium sulphate or sodium chloride (NaCl) salts were added with either sulphuric or hydrochloric acids. Tests with acid concentrations stronger than pH1 only acids were added. All the tests were conducted at 40°C at atmospheric pressure over 48 hours.

These preliminary tests demonstrate that recoveries above 70% of the key economic REE can be achieved using relatively low acid additions at close to ambient temperatures and atmospheric pressures. Recoveries over 90% can be achieved by increasing acid additions. However, higher acid additions also result in higher acid consumption and increased dissolution of non-valuable elements resulting in increased downstream separation costs.

Based on the test-work, both hydrochloric and sulphuric acid are effective at leaching REE. Selection of the most economic acid will depend on the cost of supply and ease of recovering acid remaining in solution after leaching.



Sample	Acid Added	Salt Added	Initial Solution pH	Acid Consumption (kg/t)	Free Acid (g/L)	Mass Loss (%)	48h Leach Extraction (%)																		
							TREE-Ce	La	Ce	Pr	Nd	Sm	Eu	Gd	Tb	Dy	Ho	Er	Tm	Yb	Lu	Y	Sc	U	Th
Test 1	H2SO4	0.5M AmSul	1.0	31.3	23.8	0.9	30.9	29.0	37.3	33.4	34.0	36.4	33.5	34.4	35.5	32.0	24.0	26.8	16.1	29.0	30.2	23.1	2.6	21.7	11.4
Test 2	HCL	0.5M NaCl	1.0	11.6	3.3	1.4	21.8	21.6	21.7	24.3	23.9	23.3	21.0	23.1	21.0	18.9	12.1	15.1	15.5	13.8	14.9	15.5	2.5	21.4	1.1
Test 3	HCL	-	0.3	25.2	23.8	2.0	73.1	73.3	65.7	79.5	79.8	78.2	72.0	74.8	72.0	64.7	66.2	45.8	56.7	45.2	41.7	52.2	9.0	33.4	35.7
Test 4	HCL	-	-0.3	147.3	90.4	14.3	93.2	93.7	97.7	99.6	99.7	95.9	87.2	95.0	93.2	85.2	85.8	66.4	82.6	69.0	67.6	72.3	13.2	45.4	73.4
Test 5	HCL	-	-1.0	165.9	208.6	18.0	93.8	94.4	94.8	98.2	98.8	96.6	87.5	96.2	97.2	90.5	98.4	72.8	75.7	78.1	80.6	74.9	32.3	59.4	91.6

Figure 6. *Innouendy Leach Extraction at decreasing pH (increasing acidity)*

Beneficiation Test Work

The mineralised zones at Innouendy are predominantly hosted in clays weathered from primary granite intrusions which contain relatively high levels of REE's. The clay minerals are relatively fine. However, the more refractory REE containing minerals are often aggregated in coarser components within the mineralised zones, so size separation offers a potential mechanism for rejecting a significant amount of refractory material prior to leaching, while maximising retention of recoverable REE's.

The Innouendy Main Zone composite sample was screened and assayed to determine the distribution of REE's within the clays by size.

Results demonstrate that REE's are relatively concentrated in the fine, minus 75µm, fraction and that silica is concentrated in coarser fractions. Further work is planned to show if beneficiation of the material based on particle size prior to leaching is viable. If so, it would potentially reduce the amount of acid consumed.

Scandium Extraction

Scandium (Sc) is a light transition metal commonly found associated with REE deposits in low grades. It is relatively widely distributed in nature with an average crustal concentration of around 22 ppm, although very infrequently concentrated at levels at which it can be economically extracted. Grades of 100 ppm and higher are considered rare.

Scandium is used as an alloying additive in aluminium production for aerospace applications and in the production of hydrogen fuel cells. Scandium is typically produced and utilised as scandium oxide (Sc2O3) otherwise known as scandia. It is relatively difficult to extract and purify and is commonly produced as a by-product of REE, alumina and nickel production. While a number of high scandium laterite resources have been identified in eastern Australia, these have not been developed due to the relatively high capital and operating costs required to extract scandium from these sources.

Exploration drilling at Innnouendy has identified widespread zones of elevated (+50ppm) scandium levels, particularly within the Cattle Yard deposit area. During the leaching of the Main Zone composite 9% of scandium was leached along with the REE's at moderate (25 g/l HCl) acid concentration in solution after 48h at 40°C. It is likely that extraction will increase if leach times are extended and/or temperatures and acid concentration are increased. While these grades are unlikely to be high enough to justify development on their own, when extracted in conjunction with REE, scandium may form a valuable by-product.

Belele Project

A reconnaissance Program of Work (POW) was approved to test a 15km zone of untested greenstone belt for gold and base metals within the Carbar Shear Zone at Belele (Figure 8). A heritage survey was completed with Native Title holders Wajarri Yamatji during March 2023.

A total of 79 holes were drilled for 5012m. The drilling encountered a greenstone sequence of predominantly mafic volcanics with minor sediments and gabbroic intrusives. The sequence was variably sheared with evidence of potassic alteration and quartz veining in some holes. The drilling has confirmed that the Mingah Range Greenstone Belt extends through the entire 15km of the tenement (E51/1907) and is up to 3km wide. This is a very substantial volume of greenstone belt prospective for gold and VMS mineralisation, previously unexplored due to shallow transported cover. The assays from the drilling returned only low-level gold anomalism (maximum value 58ppb Au). Copper values peaked at 267ppm and nickel at 0.118%. While low, these values are considered encouraging given that the drill traverses are up to several kilometres apart and that no previous effective exploration has taken place over the tenement due to the transported cover sequence blanketing the greenstone belt. The shearing, alteration and veining encountered also provide encouragement to persist with exploration in the belt. The Company has extended the Belele project by applying for two additional adjoining claims - E51/2162 and E51/2163, (**Figure 8**).

The Company secured exclusive rights to and began due diligence over two projects approximately 30km and 50km south of Belele, within the Meekatharra gold district. The Little Gap Well project is approximately 10km west of the Blue Bird Gold Mine straddling the western margin of the Meekatharra Greenstone Belt. The Mt Opal project is 18km west of Meekatharra and contains historic workings as well as an extensive gold in soil geochemistry anomaly which does not appear to have been adequately tested by drilling.

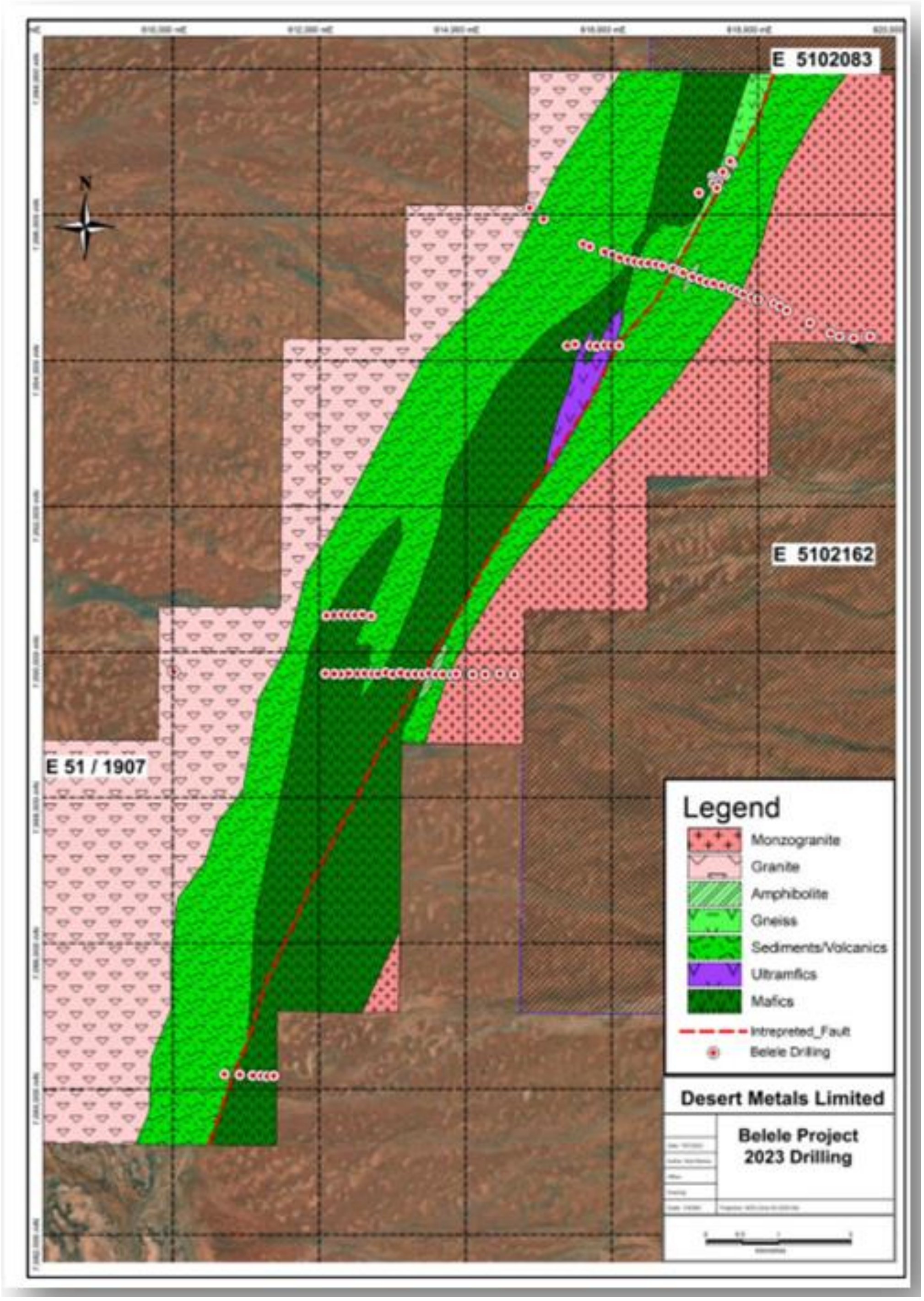


Figure 7. Interpreted geology at Belele from recent drilling.

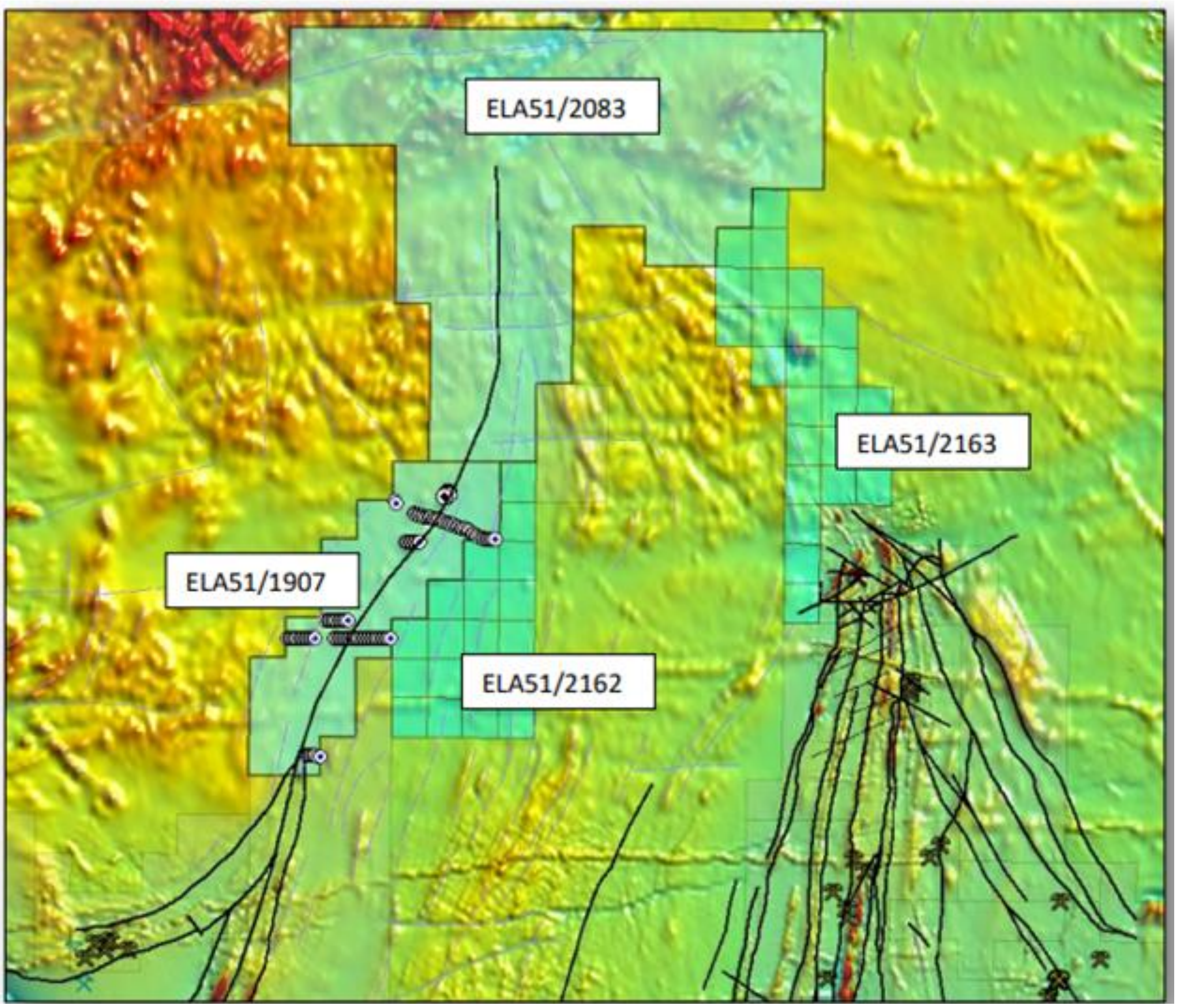


Figure 8. *Drill collars within Belele license EL51/1907. Location of additional claims shown (and annotated). Background image RTP magnetics.*

Little Gap Well, Mount Opal Prospects

In the June quarter of this year the Company acquired a 60% interest in two new gold projects (Projects) within the Meekatharra gold district. These projects complement the ground held over the Mingah Range greenstone belt at Belele and are approximately 30km and 50km south of the Belele license (**Figure 9**).

Details of the Projects and terms of the staged acquisition were first released in the Company's ASX announcement of 18 May 2023.

Following Option Stage 1, being a three-month period of due diligence for which Desert Metals paid $50,000, the Company resolved to proceed to Option Stage 2 of its letter agreement to acquire the Little Gap Well and Mount Opal gold projects. As a result, Desert Metals has acquired a 60% interest in the Projects for $50,000 cash, 2,500,000 shares and 1,250,000 share options at 15c. The securities will be issued from the Company's current allocation available under ASX Listing Rules 7.1 and 7.1a. The shares and share options will be escrowed for six months from the date of issue.

As part of its due diligence, the Company conducted field reconnaissance at the Projects and located several historic workings, as well as numerous areas of more recent gold prospecting (i.e. metal detecting). Several grab samples were taken and returned encouraging results (**Figure 9**).

The Company now intends to follow up with an intensive program of sampling, ground geophysics and drilling over the Projects. At Mount Opal work will immediately focus on identifying the orientation of mineralisation and subsequently drilling beneath the historic workings where a grab sample returned 17.3g/t Au. At Little Gap Well drill targets for gold mineralisation will be defined by results from the extensive soil sampling program conducted during the last quarter. An electrical ground geophysical survey will be conducted surrounding the location of a grab sample that returned 3.8% copper during the due diligence period. Drilling of any targets identified will follow.

Mount Opal

The Mount Opal project is 18km west of Meekatharra and contains historic workings as well as extensive gold metal detecting scrapings. Historic data compiled over the project reveals an extensive gold in soil geochemistry anomaly which does not appear to have been adequately tested by drilling (**Figure 11**). The main historic workings also appear to have only had limited shallow drilling which may not have been oriented correctly to intersect the line of lode that was mined in the workings. Initial reconnaissance at the project located several historic workings as well as numerous areas of more recent gold prospecting (metal detecting). Several grab samples were taken and returned encouraging results (**Figure 9**).

The best result at Mount Opal of 17.3g/t Au was returned from the historic AJAX Mine (**Figure 10**). The sample was taken from the mullock pile at the main shaft which is at least 10m deep. The sample comprised sheared and potassically altered wall rock with no appreciable quartz veining. This line of workings does not appear to have been adequately tested by drilling. The Company plans to conduct detailed sampling and mapping to first determine the orientation of mineralisation and then test the mineralisation at depth through drilling.

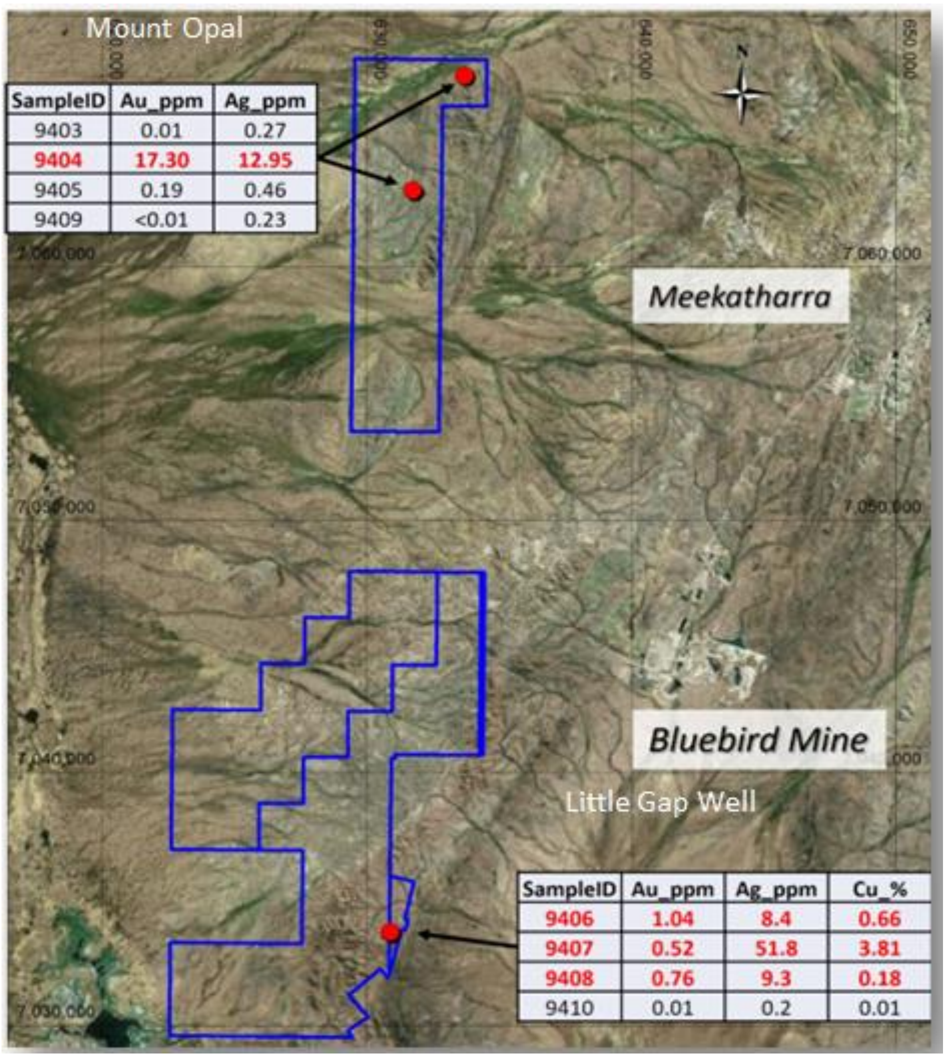


***Figure 9**. Grab samples from Little Gap Well and Mount Opal.*

Figure 10. Ajax Mine historic workings with inset of mullock material which assayed 17.3g/t Au.

Little Gap Well

The Little Gap Well project is approximately 10km west of the Blue Bird Gold Mine (**Figure 9**) and also contains historic workings, dry blowings and extensive gold metal detector scrapings. The project covers 14,500 Ha (145km²) of tenure straddling the western margin of the Meekatharra Greenstone Belt. The approximately 15km of prospective strike length appears to be largely untested with very little reported drilling or geochemistry.

In addition to gold prospectivity the project also contains a line of copper workings (malachite) that may represent Volcanogenic Massive Sulphide (VMS) mineralisation (**Figure 9**).

Grab samples taken from Little Gap Well during the due diligence period returned gold up to 1g/t and copper up to 3.8% from grab samples near the historic workings (**Figure 11**). This line of workings appears to have potential for VMS mineralisation. The Company plans to conduct electrical ground geophysical surveys to locate any conductive source of the high-grade copper and subsequently test that source with drilling.

As part of the due diligence process an extensive soil sampling program has been completed at Little Gap Well (**Figure 11**). Once the results of the soil sampling and ground geophysics program are known the Company will finalise drill targets at Little Gap Well.

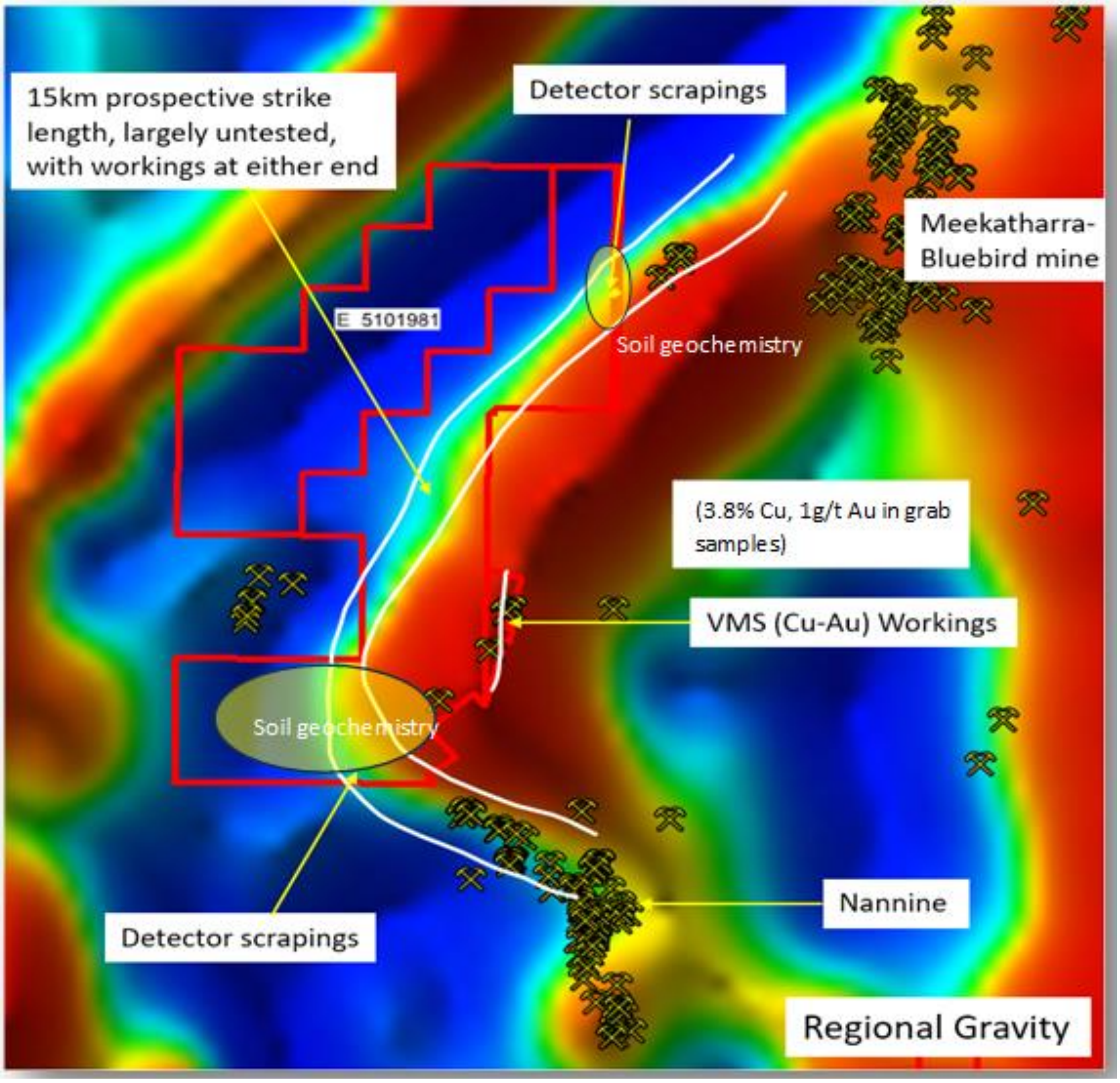


Figure 11. *Little Gap Well project with approximate areas covered by due diligence soil chemistry.*

DM1 has the option under Option Stage 3 of the letter agreement to acquire a further 20% of the Little Gap Well and Mount Opal projects from private company Diversified Asset Holdings Pty Ltd, via staged payments of cash and shares as follows:

> *Option Stage 3: Option to acquire an additional 20% interest (80% total interest) in the Projects for 4,500,000 shares and 2,250,000 share options in DM1 at 15c. The shares and share options will be escrowed for three months from the date of issue. The Option Stage 3 period expires 9 months from the date of the notice to exercise Option Stage 2, which was issued on 31 July 2023. In addition, should the Company elect to exercise Option Stage 3 a 1% Net Smelter Royalty (NSR) will also be granted to the vendor over the Projects. DM1 will have the right to buy back 50% of the NSR for $1,000,000 within five years of the date of its grant*.

DM1 will also have a right of first refusal to acquire the remaining 20% of the Projects held by Diversified Asset Holdings Pty Ltd.

Key Business Risks

The Company is subject to various risk factors. Some of these are specific to its business activities while others are of a more general nature. Individually, or in combination, these risk factors may affect the future operating and financial performance of the Company.

Occupational health and safety risks

The Company seeks to ensure that it provides a safe workplace to minimise risk of harm to its employees and contractors. It achieves this through an appropriate safety culture, safety systems, training, and emergency preparedness.

Exploration Risk

Exploration and Mineral Resource development incorporates a high degree of technical and geological risk. The natural endowment of the ground being explored is the limiting factor and there always remains a risk of insufficient natural endowment to make an economic discovery.

Detailed planning of exploration programs, with external consultant input where required, ensures the highest quality exploration targets are tested. The Board approves all exploration programs and budgets to achieve outcomes in the Company's (and shareholders) best interests, with regular reporting provided to the Board of the results of exploration programs.

The Company undertakes business development activities to source new projects for the Company with the objective of acquiring assets with a high potential for exploration success.

COVID-19

The Company continues to consider the implications of the COVID-19 pandemic on its business. Throughout 2023, the impact of COVID-19 was minimal, however, the Company has continued to manage the potential risk that COVID-19 poses to the health and safety of its workforce across all jurisdictions that it operates in. COVID-19 also poses implications to other risks highlighted including financial, operational, supply-chain, and employee management, including attracting and retaining talent.

Environmental Risks

The Company is committed to best practice in environmental management, based upon current community expectations, applicable legislation and regulatory standards, all of which can change over time.

Community and social risks

The Company operates in jurisdictions with varying community, heritage and social laws and cultural practices. Community expectations are continually evolving and are managed through the development of robust strategies, maintaining strong relationships with communities and delivering on commitments.

Cyber risks

The Company takes a risk-based approach to managing cyber security, with a focus on ensuring good practice across standard processes. The Company utilises tools and services provided by external information technology consultants to actively manage its cyber risks, noting the increasing risk trend in the external environment.

Financial risks

The Company faces risks relating to the cost and access to funds, movement in interest rates and foreign exchange rates (refer to Note 15 to the financial statements). The Company recognises the importance of maintaining a strong balance sheet that enables flexibility to pursue strategic objectives. The Company maintains policies which define appropriate financial controls and governance which seek to ensure financial risks are recognised, managed and recorded in a manner consistent with generally accepted industry practice and governance standards.

Regulatory and compliance risk

New or evolving regulations and international standards are outside the Company's control and are often complex and difficult to predict. The potential development of opportunities can be jeopardised by changes to fiscal or regulatory regimes, adverse changes to tax laws, difficulties in interpreting or complying with local laws, material differences in sustainability standards and practices, or changes to existing political, judicial or administrative policies and changing community expectations.

Business interruption risk
Circumstances may arise which preclude operations at certain sites including natural weather events or disasters, material disruption to the Company's logistics chain, critical plant failure or industrial action.

The Company undertakes regular reviews for mitigation of property and business continuity risks and manages the risks associated with COVID-19 to minimise the health, safety and business impacts.

The Company maintains an insurance program that may offset a portion of the financial impact of a major business interruption event.

Corporate

Capital Raising
On 21 November 2022, the Company successfully raised $2,500,000 via a placement of 9,259,260 fully paid ordinary shares ("Shares") at an issue price of $0.27 per share to sophisticated and professional investors.

A further $27,000 was received from the issue of 100,000 shares at an issue price of $0.27 per share to Non-Executive Director, Mr Keith Murray. The issue of these shares was approved at a general meeting of shareholders on 7 March 2023.

Matters subsequent to the end of the financial year

On 8 August 2023 the Company exercised an option to acquire a package of five tenements comprising the Little Gap Well and Mt Opal projects within the Meekatharra gold district. Consideration for the acquisition is a $50,000 cash payment, issue of 2,500,000 fully paid ordinary shares in the Company and issue of 1,250,000 options with an exercise price of $0.15 expiring three years from the date of issue. Both the shares and options are subject to a voluntary escrow period of six months.

Remuneration report (Audited)

This report sets out remuneration information for Key Management Personnel who have the authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, including any director (whether executive or otherwise) of the Company. The prescribed details for each person covered by this report are detailed under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and Company performance
- Executive service agreements
- remuneration of key management personnel

Key management personnel

The directors and other key management personnel ("KMP") of the Company during or since the end of the financial year were:

Non-executive directors	Position
Mark Robert Stewart	Non-Executive Chairman
Robert Angus Castle Stuart	Managing Director
Antony William Worth	Technical Director
Keith Charles Murray	Non-Executive Director

The named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration policy

The remuneration policy of Desert Metals Limited has been designed by the Board taking into consideration the stage of development of the Company and the activities undertaken. The objective is to align KMP objectives with shareholder and business objectives by providing a fixed remuneration component or a fee for service (where that is applicable) and offering specific long-term incentives based on key performance areas affecting the Company's financial results or operational milestones. Remuneration levels for KMP are set to attract, retain and incentivise appropriately qualified and experienced directors and executives. The Company rewards executives with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with the business strategy.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and director and KMP performance.

Non-executive director remuneration

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability.

Fees for non-executive directors are not linked to the performance of the Company. No non-executive director shall be paid as part or the whole of his remuneration a commission on, or a percentage of, profits or a percentage of operating revenue. The total aggregate fixed sum per annum to be paid to the non-executive directors from time to time will not exceed the sum determined by the shareholders in general meeting.

The maximum aggregate amount of fees that can be paid to non-executive directors in accordance with clause 15.7 of the Company's constitution shall initially be no more than $250,000 and may be varied by ordinary resolution of the Shareholders in general meeting.

Executive director remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board considers that the key performance indicator in assessing the performance of executive directors ("executives") and their contribution towards increasing shareholder value is share price performance over the review period.

Overall remuneration policies are subject to the discretion of the Board. Executive remuneration and other terms of employment are reviewed annually by the Board having regard to their performance, relevant comparative information and expert advice.

The Board's remuneration policy reflects its obligations to align executive remuneration with shareholder interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles are:

(a) remuneration reflects the competitive market in which the Company operates;
(b) individual remuneration should be linked to performance criteria if appropriate; and
(c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives consists of the following:

(a) salary - executives receive a fixed sum payable monthly in cash;
(b) cash at risk component - executives may participate in share and option schemes generally made in accordance with thresholds set in plans approved by shareholders if deemed appropriate, however, the Board considers it appropriate to issue shares and options to executives outside of approved schemes in exceptional circumstances; and
(c) other benefits - executives may, if deemed appropriate by the Board, be provided with a mobile phone and other forms of in-kind remuneration.

The Board has not formally engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by KMP during the financial year.

Relationship between the remuneration policy and Company performance

The table below shows measures of the Company's financial performance over the last five years as required by the Corporations Act 2001 (Cth). However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMP. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	30 June 2023 $	30 June 2022 $	30 June 2021 $	30 June 2020 $	30 June 2019 $
Revenue	173,273	160,329	-	-	-
Net loss before tax	(706,374)	(567,262)	(1,200,451)	(44,263)	(44,890)
Net loss after tax	(706,374)	(567,262)	(1,200,451)	(44,263)	(44,890)
Share price at start of year	0.1800	0.6500	N/A	N/A	N/A
Share price at end of year	0.0550	0.1800	0.6500	N/A	N/A
Basic/diluted loss per share (cents per share)	(1.029)	(0.990)	(2.857)	N/A	N/A

Executive service agreements
Remuneration and other terms of employment for the executive directors and other KMP are formalised in employment or service agreements. The major provisions of the agreements relating to remuneration for the year ended 30 June 2023 are set out in the table below.

Name	Agreement	Base Salary or Fees (p.a.) $	STIP/LTIP	Consulting per Day $	Duration
Mark Stewart	Employment	50,000	-	-	Ongoing
Robert Stuart	Employment	40,000	-	1,500	Ongoing
Antony Worth	Employment	40,000	-	1,200	Ongoing
Keith Murray	Employment	40,000	-	-	Ongoing

Remuneration of key management personnel
Details of the remuneration of the directors, the KMP of the Company (as defined in AASB 124 Related Party Disclosures) and specified executives of Desert Metals are set out in the following tables. The KMP of the Company are the directors and the Company Secretary.

2023	Short-term employee benefits		Post-employment benefits	Share-based payment		% of remuneration Performance related
	Salary & fees $	Consulting Fees $	Superann-uation $	Options $	Total $	
Directors						
Mark Stewart	50,000	-	5,250	-	55,250	0%
Robert Stuart	40,000	256,500	4,200	-	300,700	0%
Antony Worth	40,000	212,699	4,200	-	256,899	0%
Keith Murray	40,000	-	4,200	-	44,200	0%
Total	**170,000**	**469,199**	**17,850**	**-**	**657,049**	

2022	Short-term employee benefits		Post-employment benefits	Share-based payment		% of remuneration Performance related
	Salary & fees $	Consulting Fees $	Superann-uation $	Options $	Total $	
Directors						
Mark Stewart	50,000	-	5,000	-	55,000	0%
Robert Stuart	40,000	264,750	4,000	-	308,750	0%
Antony Worth	40,000	230,090	4,000	-	274,090	0%
Keith Murray	40,000	-	4,000	82,800	126,800	0%
Total	**170,000**	**494,840**	**17,000**	**82,800**	**764,640**	

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses
No bonuses were paid to KMP during the financial year (2022: Nil).

Incentive share-based payment arrangements
No share options were exercised by KMP during the year (2022: Nil).

Options awarded, vested and lapsed during the year
No share options were granted, vested or lapsed during the year in respect of KMP.

Share options do not carry any voting or dividend rights.

Other transactions with KMP

Mr Mark Stewart is a director of Arion Legal, which was paid $2,947 for legal services provided during the year.

Dr Robert Stuart is a director of Fathom Geophysics Australia Pty Ltd, which was paid $5,250 for geophysical consulting services provided during the year.

Key management personnel equity holdings

Fully paid ordinary shares of Desert Metals Limited

2023	Balance at 1 July 2022 No.	Granted as compensation No.	Received on exercise of options No.	Net other Change No.	Balance at 30 June 2023 No.	Balance held Nominally No.
Mark Stewart	200,000	-	-	-	200,000	200,000
Robert Stuart	10,360,000	-	-	-	10,360,000	10,360,000
Antony Worth	5,200,000	-	-	-	5,200,000	5,200,000
Keith Murray	250,000	-	-	100,000	350,000	350,000

Share options of Desert Metals Limited

2023	Balance at 1 July 2022 No.	Granted as compensation No.	Net other Change No.	Balance at 30 June 2023 No.	Balance held Nominally No.
Mark Stewart	1,600,000	-	-	1,600,000	1,600,000
Robert Stuart	3,900,000	-	-	3,900,000	3,900,000
Antony Worth	1,500,000	-	-	1,500,000	1,500,000
Keith Murray	800,000	-	-	800,000	800,000

Each option is convertible into one ordinary share of Desert Metals Limited.

This is the end of the audited remuneration report.

Options

Unissued shares under option
At the date of this report, unissued ordinary shares of the Company under option are:

Grant date	Expiry date	Exercise price $	Number of options
7 Oct 2020	31 Oct 2023	0.300	10,650,000
12 Nov 2020	12 Nov 2023	0.300	1,650,000
30 Nov 2021	30 Nov 2024	0.600	800,000
02 Jun 2022	02 Jun 2025	0.500	4,090,908
31 Aug 2022	31 Aug 2025	0.350	225,000
08 Mar 2023	08 Mar 2026	0.405	1,000,000
			18,415,908

No person entitled to exercise an option has participated or has any right by virtue of the option to participate in any share issue of any other body corporate. For details of options issued to Directors and executives as remuneration, refer to the remuneration report.

This Directors' Report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors

Dr Robert Stuart
Managing Director
Dated this 28th day of September 2023

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the audit of the financial statements of Desert Metals Limited for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

DBell
D M BELL CA
Director

Dated this 28th day of September 2023
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DESERT METALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Desert Metals Limited ("the Company"), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.3 in the financial report which indicates that the Company incurred a net loss of $706,374 during the year ended 30 June 2023. As stated in Note 3.3, these events or conditions, along with other matters as set forth in Note 3.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>
Exploration and Evaluation Expenditure

As disclosed in note 10 to the financial statements, during the year ended 30 June 2023 the Company capitalised exploration and evaluation expenditure was carried at $7,284,565.

Exploration and evaluation is a key audit matter due to:

The significance of the balance to the Consolidated Entity’s consolidated financial position.
The level of judgement required in evaluating management’s application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.

</td><td>
Our procedures included, amongst others:

Assessing management’s determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the consolidated entity holds an interest and the exploration programmes planned for those tenements.
For each area of interest, we assessed the Consolidated Entity’s rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable;
We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity’s accounting policy and the requirements of AASB 6;
We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.
We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure:

the licenses for the right to explore expiring in the near future or are not expected to be renewed;

</td></tr>
</table>

Key Audit Matter	How our audit addressed the Key Audit Matter
	○ the licenses for the right to explore expiring in the near future or are not expected to be renewed; ○ substantive expenditure for further exploration in the specific area is neither budgeted or planned ○ decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and ○ data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale. • We assessed the appropriateness of the related disclosures in note 10 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3.1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Desert Metals Limited, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

D Bell

D M BELL CA
Director

Dated this 28th day of September 2023
Perth, Western Australia

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 30 June 2023 and performance of the Company for the year ended on that date; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors

Dr Robert Stuart
Managing Director
Dated this 28th day of September 2023

Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Continuing operations			
Revenue and other income			
Government grants		150,645	152,147
Other revenue		22,628	8,182
		173,273	160,329
Compliance costs	6	(96,198)	(79,670)
Depreciation	11	(24,748)	(31,284)
Directors' fees		(187,850)	(186,083)
Exploration and evaluation		(36,161)	-
Information technology costs		(35,446)	(15,021)
Occupancy costs		(68,736)	(42,979)
Professional fees		(203,317)	(172,523)
Public relations and marketing		(31,662)	(12,865)
Share based payments	22	(29,437)	(82,800)
Travel costs		(18,673)	(18,988)
Administrative expenses	6	(147,419)	(85,378)
		(879,647)	(727,591)
Loss before tax		(706,374)	(567,262)
Income tax benefit	7		-
Net loss for the year		**(706,374)**	**(567,262)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		**(706,374)**	**(567,262)**
Loss per share:			
Basic and diluted (cents per share)	8	(1.03)	(0.99)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2023

	Note	2023 $	2022 $
Current Assets			
Cash and cash equivalents	17	1,968,981	3,013,946
Receivables	9	112,747	140,414
Total Current Assets		**2,081,728**	**3,154,360**
Non-Current Assets			
Exploration and evaluation expenditure	10	7,284,565	4,427,247
Property, plant and equipment	11	118,317	104,863
Total Non-Current Assets		**7,402,882**	**4,532,110**
Total Assets		**9,484,610**	**7,686,470**
Current Liabilities			
Trade and other payables	13	282,501	184,424
Total Current Liabilities		**282,501**	**184,424**
Total Liabilities		**282,501**	**184,424**
Net Assets		**9,202,109**	**7,502,046**
Equity			
Issued capital	14	10,838,241	8,640,035
Reserves	21	932,026	723,795
Accumulated losses		(2,568,158)	(1,861,784)
Total Equity		**9,202,109**	**7,502,046**

The statement of financial position is to be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2022

	Issued Capital	Share Options Reserve	Accumulated Losses	Total
	$	$	$	$
Balance as at 1 July 2021	6,102,035	640,995	(1,294,522)	5,448,508
Loss for the year	-	-	(567,262)	(567,262)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**(567,262)**	**(567,262)**
Transactions with owners, directly in equity				
Share application funds received	2,700,000	-	-	2,700,000
Issue of options as share-based payments	-	82,800	-	82,800
Share issue costs	(162,000)	-	-	(162,000)
Balance at 30 June 2022	**8,640,035**	**723,795**	**(1,861,784)**	**7,502,046**
Balance as at 1 July 2022	8,640,035	723,795	(1,861,784)	7,502,046
Loss for the year	-	-	(706,374)	(706,374)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**(706,374)**	**(706,374)**
Transactions with owners, directly in equity				
Share application funds received	2,527,000	-	-	2,527,000
Issue of options as share-based payments	-	208,231	-	208,231
Share issue costs	(328,794)	-	-	(328,794)
Balance at 30 June 2023	**10,838,241**	**932,026**	**(2,568,158)**	**9,202,109**

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from Government grants		150,645	152,147
Other receipts		22,628	8,182
Payments to suppliers and employees		(778,035)	(646,735)
Net cash used in operating activities	17.1	(604,762)	(486,406)
Cash flows from investing activities			
Payments for exploration and evaluation activities		(2,779,001)	(2,718,324)
Payments for property, plant and equipment		(38,202)	(29,468)
Net cash used in investing activities		(2,817,203)	(2,747,792)
Cash flows from financing activities			
Proceeds from issue of shares		2,527,000	2,700,000
Payments for share issue costs		(150,000)	(162,000)
Net cash provided from financing activities		2,377,000	2,538,000
Net decrease in cash held		(1,044,965)	(696,198)
Cash and cash equivalents at the beginning of the year		3,013,946	3,710,144
Cash and cash equivalents at the end of the year	17	1,968,981	3,013,946

The statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the financial statements
For the year ended 30 June 2023

1. General information

Desert Metals Limited (or the "Company") is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. The addresses of its registered office and principal place of business are disclosed in the corporate directory to the annual report.

A description of the nature of operations and principal activities of the Company is included in the Directors' Report.

2. Application of new and revised Accounting Standards

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Changes in accounting policies on initial application of Accounting Standards
In the year ended 30 June 2023, the directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for annual reporting periods beginning on or after 1 July 2022. As a result of this review, the Directors have determined that there is no material impact of any new and revised Standards and Interpretations issued by the AASB.

Standards and Interpretations in issue not yet adopted
The Directors have also reviewed all new and revised Standards and Interpretations on issue not yet adopted for the year ending 30 June 2023. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted by the Company and therefore no material change is necessary to company accounting policies.

3. Summary of significant accounting policies
3.1 Statement of compliance

These financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001 and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 28 September 2023.

3.2 Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Notes to the financial statements

For the year ended 30 June 2023

3. Summary of significant accounting policies (cont'd)

3.2 Basis of preparation (cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Going Concern Basis

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the year of $706,374 (2022: $567,262) and a net cash outflows from operating and investing activities of $3,421,965 (2022: $3,234,198). As at 30 June 2023, the Group's cash and cash equivalents were $1,968,981 (2022: $3,013,946) and it had working capital of $1,799,227 (2022: $2,969,936).

The Directors have prepared a cash flow forecast which indicates that the Group will have sufficient cash to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report. The Directors believe it is appropriate to prepare these accounts on a going concern basis because of the following factors:

- the Directors have an appropriate plan to raise additional funds as and when they are required, and
- the Group has the ability to scale down its operations in order to curtain expenditure, in the event that any capital raisings are delayed or insufficient cash is available to meet projected expenditure.

Based on the cashflow forecast and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate, in particular given the Company's history of raising capital to date. The Directors are confident of the Company's ability to raise funds as and when required.

Should the Group not be able to fund its operations in accordance with the factors set out above, there is material uncertainty whether it would be able to continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

Notes to the financial statements
For the year ended 30 June 2023

3. Summary of significant accounting policies (cont'd)
3.4 Employee benefits

Short-term and long-term employee benefits

A liability is recognised for benefits accrued to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

3.5 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

3.5.1 Current Tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.5.2 Deferred Tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes to the financial statements
For the year ended 30 June 2023

3. Summary of significant accounting policies (cont'd)
3.5 Taxation (cont'd)

3.5.3 Current and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

3.6 Exploration and evaluation expenditure

The Company accounts for exploration and evaluation expenditure by applying the following policy.

Exploration and evaluation costs represent intangible assets. Exploration, evaluation and development costs, and acquisition costs related to an area of interest are capitalised in the Statement of Financial Position and carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the areas of interest are continuing.

Capitalised costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

Costs of site restoration are provided for over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for restoration costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed.

3.7 Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Costs include expenditures that are directly attributable to the acquisition of the asset.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit and loss as incurred.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

3.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes to the financial statements
For the year ended 30 June 2023

3. Summary of significant accounting policies (cont'd)
3.8 Provisions (cont'd)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.9 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument.

Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transaction costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

3.9.1 Financial Assets
3.9.1.1 Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss (FVPL)):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Notes to the financial statements

For the year ended 30 June 2023

3. Summary of significant accounting policies (cont'd)

3.9 Financial instruments (cont'd)

3.9.1.2 Financial assets at fair value through other comprehensive income (Equity instruments)

The Company measures debt instruments at fair value through Other Comprehensive Income (OCI) if both of the following conditions are met:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Company entity can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.

3.9.1.3 Financial assets at fair value through profit or loss (FVPL)

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

3.9.2 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVPL' or 'other financial liabilities'.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at FVPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

3.9.3 Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3.10 Comparative amounts

When current period balances have been classified differently within current period disclosures when compared to prior periods, comparative disclosures have been restated to ensure consistency of presentation between periods.

3.11 Government Grant

An unconditional government grant is recognised in the statement of profit or loss as other income when the grant becomes receivable. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

Notes to the financial statements
For the year ended 30 June 2023

3. Summary of significant accounting policies (cont'd)
3.11 Government Grant (cont'd)

Research and development tax incentives are recognised in the statement of profit or loss as other income when received or when the amount to be received can be reliably estimated.

3.12 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax, except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

<u>Impairment of exploration and evaluation expenditure</u>
Exploration and evaluation expenditure is reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

The directors are required to exercise judgement on future events and the likelihood of defining an economic reserve. Assumptions made are altered as exploration and evaluation continues and more information becomes available. Where it is evident that the value of exploration and evaluation expenditure cannot be recovered, the capitalised amount will be impaired through the statement of profit or loss and other comprehensive income.

<u>Share-based payments</u>
Fair value is measured by the use of Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

<u>Deferred taxation</u>
Deferred tax assets are only recognised for deductible temporary differences and unused tax losses when management considers that it is probable that future taxable profits will be available to utilise those assets.

Notes to the financial statements
For the year ended 30 June 2023

3. Summary of significant accounting policies (cont'd)

5. Segment information

The Company operates in the mineral exploration industry. AASB 8 "Operating Segments" states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. None of the other operating segments currently meet any of the prescribed quantitative thresholds and as such do not have to be reported separately.

The Company has therefore decided to aggregate all its reporting segments into one reportable operating segment.

The revenue and results of this segment are those of the Company as a whole and are set out in the statement of profit and loss and other comprehensive income. The segment assets and liabilities are those of the Company and set out in the statement of financial position.

Notes to the financial statements

For the year ended 30 June 2023

6. Loss for the year

Loss for the year has been arrived at after charging the following items of expense:	2023 $	2022 $
Administration costs:		
Insurance	41,909	28,519
Postage, printing and stationery	620	134
Wages and superannuation	36,514	33,550
Admin fees	46,473	9,273
Other	21,903	13,902
Total administration costs	**147,419**	**85,378**
Compliance costs:		
ASX expenses	63,221	48,348
Share registry expenses	18,597	16,334
ASIC expenses	5,511	7,365
AGM expense	8,869	7,623
Total compliance costs	**96,198**	**79,670**

7. Income taxes relating to continuing operations

7.1 Income tax recognised in profit or loss

	2023 $	2022 $
Current tax	-	-
Deferred tax	-	-
	-	-

The income tax expense for the year can be reconciled to the accounting loss as follows:

	2023 $	2022 $
Loss before tax from continuing operations	(706,374)	(567,262)
Income tax expense calculated at 25.0% (2022: 25.0%)	(176,593)	(141,816)
Effect of expenses that are not deductible in determining taxable loss	7,578	21,003
Effect of deductible capitalised expenditure	(701,830)	(664,170)
Under-provision for prior year tax adjustment	(21,461)	(385,252)
Effect of unused tax losses not recognised as deferred tax assets	892,306	1,170,235
	-	-

The tax rate used for the 2023 reconciliation above is the corporate tax rate of 25.0% (2022: 25.0%) payable by Australian corporate entities on taxable profits under Australian tax law.

Notes to the financial statements

For the year ended 30 June 2023

7. Income taxes relating to continuing operations (cont'd)

7.2 Unrecognised deferred tax assets

	2023 $	2022 $
Unused revenue tax losses for which no deferred tax assets have been recognised at 25.0% (2022: 25.0%)	2,310,242	1,408,702

The benefit from tax losses totaling $9,240,967 (2022: $5,634,806) will only be obtained if the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised and complies with the conditions for deductibility imposed by tax legislation.

8. Loss per share

	2023 cents per share	2022 cents per share
Basic and diluted loss per share	(1.03)	(0.99)

The loss and weighted average number of ordinary shares used in the calculation of the basic and diluted loss per share are as follows:

	2023 $	2022 $
Loss for the year attributable to owners of the Company	(706,374)	(567,262)

	2023 No.	2022 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	68,664,944	56,972,603

9. Trade, other receivables and prepayments

	2023 $	2022 $
Prepayments	28,523	37,228
GST receivable	71,464	94,386
Rent bond	12,760	8,800
	112,747	**140,414**

At the reporting date, none of the receivables were past due or impaired.

10. Exploration and evaluation expenditure

	2023 $	2022 $
Brought forward exploration and evaluation expenditure	4,427,247	1,770,569
Expenditure incurred and capitalised during the year	2,857,318	2,656,678
Carried forward exploration and evaluation expenditure	**7,284,565**	**4,427,247**

Notes to the financial statements

For the year ended 30 June 2023

11. Property, plant and equipment

Carrying amounts of	2023 $	2022 $
Plant and equipment	53,007	32,201
Computer equipment and software	26,022	27,761
Motor vehicles	39,288	44,901
	118,317	104,863

30 June 2023	Plant & Equipment $	Computer Equipment & Software $	Motor Vehicles $	Total $
Cost or deemed cost				
Balance at 1 July 2022	40,968	50,691	53,919	145,578
Additions	28,423	9,779	-	38,202
Balance at 30 June 2023	**69,391**	**60,470**	**53,919**	**183,780**
Depreciation				
Balance at 1 July 2022	8,767	22,930	9,018	40,715
Depreciation for the year	7,617	11,518	5,613	24,748
Balance at 30 June 2023	**16,384**	**34,448**	**14,631**	**65,463**
Carrying amounts				
at 1 July 2022	**32,201**	**27,761**	**44,901**	**104,863**
at 30 June 2023	**53,007**	**26,022**	**39,288**	**118,317**

30 June 2022	Plant & Equipment $	Computer Equipment & Software $	Motor Vehicles $	Total $
Cost or deemed cost				
Balance at 1 July 2021	40,263	49,428	53,919	143,610
Additions	705	1,263	-	1,968
Balance at 30 June 2022	**40,968**	**50,691**	**53,919**	**145,578**
Depreciation				
Balance at 1 July 2021	956	5,871	2,604	9,431
Depreciation for the year	7,811	17,059	6,414	31,284
Balance at 30 June 2022	**8,767**	**22,930**	**9,018**	**40,715**
Carrying amounts				
at 1 July 2021	**39,307**	**43,557**	**51,315**	**134,179**
at 30 June 2022	**32,201**	**27,761**	**44,901**	**104,863**

Notes to the financial statements

For the year ended 30 June 2023

12. Commitments for expenditure

Exploration expenditure on granted tenements

	2023 $	2022 $
Not longer than one year	738,537	588,500
Two to five years	377,414	864,924
	1,115,951	**1,453,424**

In order to retain the rights of tenure to its granted tenements, the Company is required to meet the minimum statutory expenditure requirements but may reduce these at any time by reducing the size of the tenements. The figures quoted above assume that no new tenements are granted and that only compulsory statutory area reductions are made.

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out exploration rights to third parties will reduce or extinguish these obligations.

13. Trade and other payables

	2023 $	2022 $
Trade and other payables	267,501	172,424
Accrued expenses	15,000	12,000
	282,501	**184,424**

14. Issued capital

	2023 $	2022 $
72,541,078 fully paid ordinary shares (30 June 2022: 63,181,818)	10,838,241	8,640,035

Fully paid ordinary shares	2023		2022	
	No.	$	No.	$
Balance at beginning of year	63,181,818	8,640,035	55,000,000	6,102,035
Issue of shares (i)	-	-	8,181,818	2,700,000
Issue of shares (ii)	9,259,260	2,500,000	-	-
Issue of shares (iii)	100,000	27,000		
Share issue costs	-	(328,794)	-	(162,000)
	72,541,078	**10,838,241**	**63,181,818**	**8,640,035**

Notes to the financial statements

For the year ended 30 June 2023

14. Issued capital (cont'd)

(i) Issue of fully paid ordinary shares at $0.33 each on 4 April 2022 pursuant to a placement to sophisticated investors in the Company.
(ii) Issue of fully paid ordinary shares at $0.27 each on 28 November 2022 pursuant to a placement to sophisticated investors in the Company.
(iii) Issue of fully paid ordinary shares at $0.27 each on 17 March 2023 to a director of the Company as approved at a meeting of shareholders held on 7 March 2023.

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

15. Financial Instruments

15.1 Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital management requires the maintenance of a strong cash balance to support ongoing exploration.

Given the nature of the business, the Company monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Company's approach to capital management during the year.

15.2 Categories of financial instruments

	2023 $	2022 $
Financial assets		
Cash and cash equivalents	1,968,981	3,013,946
Trade and other receivables (non-interest bearing)	112,747	140,414
	2,081,728	3,154,360
Financial liabilities		
Trade and other payables (non-interest bearing)	282,501	184,424
Net financial assets	1,799,227	2,969,936

The carrying value of the above financial instruments approximates their fair values.

15.3 Financial risk management objectives

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

Notes to the financial statements

For the year ended 30 June 2023

15.3 Financial risk management objectives (cont'd)

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods, unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Company's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Company where such impacts may be material. The Board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

15.4 Market risk

Market risk for the Company arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (see 15.5 below).

15.5 Interest rate risk management

Interest rate risk arises on cash and cash equivalents and receivables from related parties. The Company does not enter into any derivative instruments to mitigate this risk. As this is not considered a significant risk for the Company, no policies are in place to formally mitigate this risk.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's loss for the year ended 30 June 2023 would decrease by $19,689 (2022: $30,139).

15.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

15.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Notes to the financial statements
For the year ended 30 June 2023

15. Financial Instruments (cont'd)

		Contractual cash flows				
	Carrying Amount $	Less than 1 month $	1 - 3 months $	3 - 12 months $	1 year to 5 years $	Total contractual cash flows $
2023						
Trade and other payables	282,501	268,131	14,370	-	-	282,501
2022						
Trade and other payables	184,424	171,686	12,738	-	-	184,424

16. Key management personnel

Any persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, are considered key management personnel.

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	2023 $	2022 $
Short-term employee benefits	657,049	681,840
Share-based payment	-	82,800
	657,049	**764,640**

Detailed remuneration disclosures are provided in the remuneration report on page 19.

Short-term employee benefits

These amounts include fees paid to non-executive and executive directors and also include fees paid to entities controlled by the directors. The compensation of each member of the key management personnel of the Company is set out in the remuneration report on page 21.

17. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2023 $	2022 $
Cash and bank balances	1,968,981	3,013,946

For personal use only

Notes to the financial statements

For the year ended 30 June 2023

17.1 Reconciliation of loss for the year to net cash flows from operating activities

	2023 $	2022 $
Cash flow from operating activities		
Loss for the year	(706,374)	(567,262)
Adjustments for:		
Depreciation	24,748	31,284
Share based payments for consulting services	29,437	82,800
Movements in working capital		
Decrease / (increase) in trade, other receivables and prepayments	27,667	(32,467)
Increase / (decrease) in trade and other payables	19,760	(761)
Net cash outflow from operating activities	**(604,762)**	**(486,406)**

Non-cash financing activities

There were no non-cash financing or investing activities during the year.

18. Contingent liabilities and contingent assets

The directors are not aware of any contingencies at balance date.

19. Remuneration of auditors

	2023 $	2022 $
Audit and review of financial reports	26,393	23,796

The auditor of the Company is Hall Chadwick WA Audit Pty Ltd.

20. Events after the reporting period

On 8 August 2023 the Company exercised an option to acquire a package of five tenements comprising the Little Gap Well and Mt Opal projects within the Meekatharra gold district. Consideration for the acquisition is a $50,000 cash payment, issue of 2,500,000 fully paid ordinary shares in the Company and issue of 1,250,000 options with an exercise price of $0.15 expiring three years from the date of issue. Both the shares and options are subject to a voluntary escrow period of six months.

21. Options

21.1 The following options were on issue at the reporting date:

Options	Number	Grant date	Grant date Fair value $	Exercise price $	Expiry date	Vesting date
DM1EOPT1	10,650,000	07 Oct 2020	0.0521	0.3000	31 Oct 2023	07 Oct 2020
DM1EOPT2	1,650,000	12 Nov 2020	0.0521	0.3000	12 Nov 2023	12 Nov 2020
DM1UOPT3	800,000	30 Nov 2021	0.1035	0.6000	30 Nov 2024	30 Nov 2021
DM1UOPT4	4,090,908	02 Jun 2022	0.0000	0.5000	02 Jun 2025	02 Jun 2022
DM1UOPT5	225,000	31 Aug 2022	0.1308	0.3500	31 Aug 2025	31 Aug 2022
DM1UOPT6	1,000,000	08 Mar 2023	0.1787	0.4050	08 Mar 2026	08 Mar 2023

Notes to the financial statements

For the year ended 30 June 2023

21. Options (cont'd)

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

	Series DMEOPT1	Series DMEOPT2	Series DM1UOPT3	Series DM1UOPT4	Series DM1UOPT5	Series DM1UOPT6
Dividend yield (%)	-	-	-	-	-	-
Expected volatility (%)	120.00%	120.00%	100.00%	-	114.00%	122.40%
Risk-free interest rate (%)	0.13%	0.13%	0.53%	-	2.81%	3.00%
Expected life of options (years)	3	3	3	3	3	3
Exercise price (cents)	0.3000	0.3000	0.6000	0.5000	0.3500	0.4050
Grant date share price (cents)	0.1000	0.1000	0.2400	0.2450	0.215	0.270

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

21.2 Options granted during the year

Unlisted options	2023		2022	
	No.	$	No.	$
Balance at beginning of year	17,190,908	723,795	12,300,000	640,995
Issue of options	-	-	800,000	82,800
Issue of options	-	-	4,090,908	-
Issue of options(i)	225,000	29,437	-	-
Issue of options(ii)	1,000,000	178,794	-	-
	18,415,908	**932,026**	**17,190,908**	**723,795**

The following options were granted during the year ended 30 June 2023:

(i) This represents the value attributed to 225,000 unlisted options exercisable at $0.35 issued to employees and eligible contractors under the Company's Employee Incentive Plan.

(ii) This represents the value attributed to 1,000,000 unlisted options exercisable at $0.405 issued to Canaccord Genuity (Australia) Limited pursuant to a lead manager mandate dated 5 October 2022.

21.3. Share options exercised during the year

No share options were exercised during the year (2022: Nil).

Notes to the financial statements
For the year ended 30 June 2023

22. Share-based payments

Options granted during the year detailed in Note 21.2 as Share-based Payments are as follows;

	2023 $	2022 $
Total share-based payments for the year	208,231	82,800
Share-based payments recognised as capital raising costs	(178,794)	-
Share-based payments expense	**29,437**	**82,800**

Movement in share-based payment arrangements during the year
A summary of the movements of all Company options issued as share-based payments is as follows:

	2023		2022	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Balance at beginning of year	13,100,000	0.3183	12,300,000	0.3000
Granted	1,225,000	0.3949	800,000	0.6000
Exercised[i]	-	-	-	-
Expired	-	-	-	-
	14,325,000	**0.3249**	**13,100,000**	**0.3183**
Reconciliation to total Company options				
Non share-based payments options outstanding at the end of the year	4,090,908		4,090,908	
Non share-based payment options exercised or expired	-		-	
Total Company options on issue	**18,415,908**		**17,190,908**	

(i) No share-based payment options were exercised during the year.
(ii) The weighted average remaining contractual life of share-based payment options outstanding at year end was 0.55 years (2022: 1.35 years)
(iii) The fair value of the options granted to directors and employees is deemed to represent the value of the employee services received over the vesting period.

23. Approval of financial statements

The financial statements were approved by the Board of directors and authorised for issue on 28 September 2023.

ASX Additional Information as at 26 September 2023

Ordinary share capital
72,541,078 fully paid ordinary shares are held by 1,018 shareholders.

Distribution of holdings

Category (size of holding)	Number of Ordinary Shares	Number of holders	% holding
1 - 1,000	36,931	67	0.050
1,001 - 5,000	702,326	245	0.970
5,001 - 10,000	1,335,747	163	1.840
10,001 - 100,000	16,019,882	412	22.080
100,001 and over	54,446,192	131	75.060
	72,541,078	**1,018**	**100.000**
Holders with an unmarketable parcel		501	

Each ordinary share is entitled to vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

There are no current on-market buy-back arrangements for the Company.

Substantial Holders

Holder Name	Number of Ordinary Shares	% holding
Fathom Geophysics Australia Pty Ltd	5,200,000	7.17
Dr Robert Angus Castle Stuart	5,160,000	7.11
West Coast Geoscience Pty Ltd	5,100,000	7.03
Redland Plains Pty Ltd	4,250,865	5.86

Options
The unlisted options of the Company summarised below do not have any voting rights attaching.

1. 10,650,000 unlisted $0.30 options expiring 31 October 2023 are held by 11 option holders.

Distribution of holdings

Category (size of holding)	Number of unlisted options	Number of holders	% holding
1 - 1,000	-	-	0.000
1,001 - 5,000	-	-	0.000
5,001 - 10,000	-	-	0.000
10,001 - 100,000	-	-	0.000
100,001 and over	10,650,000	11	100.000
	10,650,000	**11**	**100.000**

As required under listing rule under ASX listing rule 4.10.16, one shareholder holds over 20% of this class of options. The holder is Fathom Geophysics Australia Pty Ltd

2. 1,650,000 unlisted $0.30 options expiring 12 November 2023 are held by 1 option holder.

Distribution of holding

Category (size of holding)	Number of listed options	Number of holders	% holding
1 - 1,000	-	-	0.000
1,001 - 5,000	-	-	0.000
5,001 - 10,000	-	-	0.000
10,001 - 100,000	-	-	0.000
100,001 and over	1,650,000	1	100.000
	1,650,000	**1**	**100.000**

The holder is Berne No. 132 Nominees Pty Ltd

3. 800,000 unlisted $0.60 options expiring 30 November 2024 are held by 1 option holder.

Distribution of holding

Category (size of holding)	Number of listed options	Number of holders	% holding
1 - 1,000	-	-	0.000
1,001 - 5,000	-	-	0.000
5,001 - 10,000	-	-	0.000
10,001 - 100,000	-	-	0.000
100,001 and over	800,000	1	0.000
	800,000	**1**	**100.000**

The holder is Susan Leonie Murray

4. 4,090,908 unlisted $0.50 options expiring 2 June 2025 are held by 119 holders.

Distribution of holding

Category (size of holding)	Number of listed options	Number of holders	% holding
1 - 1,000	-	-	0.000
1,001 - 5,000	24,309	6	0.590
5,001 - 10,000	72,291	9	1.770
10,001 - 100,000	3,350,541	99	81.900
100,001 and over	643,767	5	15.740
	4,090,908	**119**	**100.000**

As required under listing rule under ASX listing rule 4.10.16, no shareholder holds over 20% of this class of options.

5. 225,000 unlisted $0.35 options expiring 31 August 2025 are held by 3 holders.

Distribution of holdings

Category (size of holding)	Number of unlisted options	Number of holders	% holding
1 - 1,000	-	-	0.000
1,001 - 5,000	-	-	0.000
5,001 - 10,000	-	-	0.000
10,001 - 100,000	-	-	0.000
100,001 and over	225,000	3	100.000
	225,000	**3**	**100.000**

As required under listing rule under ASX listing rule 4.10.16, three shareholders hold over 20% of this class of options. The holders are:

- David Laurance Farrell
- Louise Jane Henderson
- Susetta Holdings Pty Ltd

6. 1,000,000 unlisted $0.405 options expiring 8 March 2026 are held by 1 holder.

Distribution of holdings

Category (size of holding)	Number of unlisted options	Number of holders	% holding
1 - 1,000	-	-	0.000
1,001 - 5,000	-	-	0.000
5,001 - 10,000	-	-	0.000
10,001 - 100,000	-	-	0.000
100,001 and over	1,000,000	3	100.000
	1,000,000	**3**	**100.000**

The holder is CG Nominees (Australia) Pty Ltd.

Twenty (20) largest shareholders - fully paid ordinary shares

Name	Number of Shares Held	% of Issued Capital
Fathom Geophysics Australia Pty Ltd	5,200,000	7.17
Dr Robert Angus Castle Stuart	5,160,000	7.11
West Coast Geoscience Pty Ltd	5,100,000	7.03
Redland Plains Pty Ltd	4,250,865	5.86
HSBC Custody Nomines (Australia) Ltd	2,721,335	3.75
Kingarth Pty Ltd	1,079,980	1.49
CSB Investments (WA) Pty Ltd	1,000,000	1.38
Mrs Fiona Kate Bates	800,000	1.10
Mr Charles Robert Todd & Ms Andrea Michelle Treble	800,000	1.10
Yanbian Pty Ltd	690,000	0.95
Coldlaw Pty Ltd	634,449	0.87
Mr Daniel John Jeater	585,713	0.81
Mr Philip David Reese	555,537	0.77
Parisi Holdings Pty Ltd	527,021	0.73

Name	Number of Shares Held	% of Issued Capital
Mr Randolph De Silva	517,213	0.71
HS Superannuation Pty Ltd	500,017	0.69
Mr Kenneth Joseph Hall	500,000	0.69
Mine Maintenance Management Pty Ltd	500,000	0.69
Jon Edwards Super Pty Ltd	500,000	0.69
Whitehead Investment Plan Pty Ltd	477,223	0.66
	32,099,353	**44.25**

Information pursuant to Listing Rule 4.10.19

From the time of the Company's admission to the official list of the ASX on 18 December 2020 until 30 June 2023, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way that is consistent with its business objectives.

Schedule of tenements held at balance sheet date

Location	Tenement ID	Type	Ownership	Titleholder
Western Australia	E 0902303	LIVE	100%	Desert Metals Limited
Western Australia	E 0902330	LIVE	100%	Desert Metals Limited
Western Australia	E 0902331	LIVE	100%	Desert Metals Limited
Western Australia	E 0902351	LIVE	100%	Desert Metals Limited
Western Australia	E 5101901	LIVE	100%	Desert Metals Limited
Western Australia	E 5101907	LIVE	100%	Desert Metals Limited
Western Australia	E 5203650	LIVE	100%	Desert Metals Limited
Western Australia	E 5203665	LIVE	100%	Desert Metals Limited
Western Australia	E 5203741	LIVE	100%	Desert Metals Limited
Western Australia	E 5102083	PENDING	100%	Desert Metals Limited
Western Australia	E 5102162	PENDING	100%	Desert Metals Limited
Western Australia	E 5102163	PENDING	100%	Desert Metals Limited