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Desert Metals Limited

A.C.N. 617 947 172

Interim Financial Report
For the Half Year ended 31 December 2025

Corporate directory

Board of Directors

Mr Patrick John Flint
Mr Stephen Michael Ross
Ms Fatou Sylla Gueye

Non-Executive Chairman
Managing Director
Non-Executive Director

Company Secretary

Mr Paul Jurman

Registered and Principal Office

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Auditors

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Share Registry

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Stock Exchange

Australian Securities Exchange
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Perth, Western Australia 6000

ASX Code

DM1

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Directors' Report

Your directors present their report on Desert Metals Limited (the Company) for the half year ended 31 December 2025.

Directors

The names of the directors who held office during or since the end of the half-year are:

- Patrick John Flint Non-Executive Chairman
- Stephen Michael Ross Managing Director
- Fatou Sylla Gueye Non-Executive Director

REVIEW OF OPERATIONS

During the period, Desert Metals focussed its exploration activities on the Adzope and Tengrela South projects in Côte d'Ivoire.

Adzope Gold Project

Desert Metals has completed significant ground-based exploration at the King Kong prospect on the Adzope gold project, identifying a northeast-southwest **+3.0km anomalous structure** defined by a strong coincident geophysical and gold-in-soil anomaly, as well as a parallel corridor to the south.

During the period, the Company completed 17 diamond holes for 3,472m at King Kong testing gold targets along the anomalous structure and following up a previous discovery intercept of **17m at 7.5g/t Au from 190m**. Fifteen of the 17 holes intersected gold mineralisation over a **+1.2km strike length** returning high-grade results including:

- **3m at 20.6g/t gold** from 114m including **1m at 35.6g/t gold** from 114m;
- **2m at 16.9g/t gold** from 273m; including **1m at 31.2g/t gold** from 273m; and
- **7.5m at 3.52g/t gold** from 37m; including **1.5m at 9.27g/t gold** from 38.5m.

These intercepts, along with gold visible in core samples, confirmed significant high-grade gold mineralisation occurs at King Kong in the form of free gold within northeast-southwest-trending structural corridors, within quartz-related sulphides, and in volcanoclastics. The discovery of the King Kong gold mineralisation demonstrates the potential for the discovery of a significant mineralised system on the wider Adzope permit.

The extensive +3km zone, together with the +2.1km cross-cutting artisanal Beach zone, which remains untested, are prioritised for further investigation via advanced geophysical surveys, systematic auger sampling and further drilling in the first half of 2026.

The southern parallel zone, which exhibits a pronounced correlation between mineralisation, chargeability anomalies and gold-in-soil geochemical signatures, is also a target for a dedicated drilling campaign in 2026. Desert Metals aims to undertake exploration across the broader Adzope Project area in 2026. The majority of the 228km² Adzope permit is unexplored for gold and its Beach prospect presents an exceptional opportunity for discoveries. It commenced a regional stream sediment sampling program over the entire permit area in January 2026.

Tengrela South Project

Desert Metals previously completed soil sampling and a first-pass, wide-spaced exploratory aircore drill program in the northeastern area of the Tengrela South permit, which returned two new distinct gold anomalies:

- **3.6km long western Tiogo gold prospect;** and
- **2.1km long eastern Kakologo prospect.**

In July 2025, Desert Metals' completed a ground geophysics program of induced polarisation to follow-up on the promising results from the initial aircore drilling program, which included high-grade results from two lines 900m apart at Tiogo including **8m at 6.47g/t gold from 6m** and **12m at 4.20g/t gold from 32m**; and **18m at 1.02g/t gold from 38m** at Kakologo.

The processed GAIP results at both Tiogo and Kakologo identified chargeability and resistivity anomalies in the underlying bedrock that may reflect sulphide-bearing silicified vein systems, which are key indicators of potential gold mineralisation in the region. At Tiogo in particular, the GAIP results showed multiple north south trending linear GAIP anomalies with northwest-southeast cross structures.

Desert Metals is planning follow-up soil sampling, aircore and RC drilling at the Tiogo and Kakologo targets; and further RC drilling at the Podio prospect. An initial 3,000m aircore program has been planned to commence in March 2026 at the Tiogo and Kakologo prospects.

Corporate

Share Placement

In December 2025, Desert Metals received firm commitments for a \$1.25 million Share Placement (before costs) to sophisticated new and existing Shareholders to continue its exploration activities in Côte d'Ivoire.

The Placement, which was managed by CPS Capital Group Pty Ltd, was strongly supported by existing shareholders and also introduced new, sophisticated and professional investors to the Desert Metals share register.

Desert Metals is using proceeds to fund ongoing and planned exploration programs including:

- Up to 6,000m of aircore drilling at Tengrela South targeting the Tiogo prospect
- Permit-wide stream sediment sampling at Adzope
- Continuing assessment of new project opportunities
- Costs of the offer and general working capital.

Subsequent events

There were no material events subsequent to the balance date and up until the authorisation of the financial statements for issue other than the following:

- On 27 January 2026, the Company confirmed it had allotted 128,307,692 ordinary fully paid shares at \$0.0065 per share to raise \$834,000 (before costs of raising) to institutional and sophisticated investors along with existing shareholders. This was the completion of Tranche 2 of the Placement as announced on 8 December 2025.
- The Company has also issued 45 million options exercisable at \$0.013, expiring 30 June 2027 at an issue price of \$0.00001 to CPS Capital Group Pty Ltd and its nominees for acting as Lead Manager and Broker for the above placement.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 (Cth) for the half year ended 31 December 2025 is set out on the next page.

This report is made in accordance with a resolution of directors.

On behalf of the directors



STEPHEN ROSS

Managing Director

Dated this 13th day of March 2026

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To the Board of Directors,

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

As lead audit Director for the review of the financial statements of Desert Metals Limited and the entities it controlled for the half year ended 31 December 2025, 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,



HALL CHADWICK WA AUDIT PTY LTD



**D M BELL FCA
Director**

Dated 13th day of March 2026
Perth, Western Australia

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Condensed Consolidated Statement of profit or loss and other comprehensive income
For the half year ended 31 December 2025

	Note	31 Dec 2025 \$	31 Dec 2024 \$
Continuing operations			
Other revenue		65,784	46,785
		<u>65,784</u>	<u>46,785</u>
Depreciation		(1,977)	(8,426)
Directors' fees		(219,850)	(218,233)
Exploration and Evaluation written off as incurred		(33,393)	(83,941)
Overseas exploration office expenses		(109,529)	-
Foreign exchange costs		(8,017)	(2,485)
Professional fees		(202,634)	(111,824)
Public relations and marketing		(45,427)	(65,000)
Share based payments		(115,309)	(75,494)
Administrative expenses		(138,726)	(169,446)
		<u>(874,862)</u>	<u>(734,849)</u>
Loss before tax		(809,078)	(688,064)
Income tax benefit		-	-
		<u>(809,078)</u>	<u>(688,064)</u>
Net loss for the period from continuing operations		(809,078)	(688,064)
Loss for the period attributable to:			
Non-controlling interest		(38,929)	-
Owners of the parent		(770,149)	(688,064)
		<u>(809,078)</u>	<u>(688,064)</u>
Other comprehensive income / (loss), net of income tax			
Exchange differences as translation of foreign operations		(19,531)	4,757
Total comprehensive income / (loss), net of tax		<u>(19,531)</u>	<u>4,757</u>
Total comprehensive income / (loss) after income tax for the period attributable to equity holders of the company		(828,609)	(683,307)
Total comprehensive income / (loss) for the period attributable to:			
Non-controlling interest		(50,491)	-
Owners of the parent		(778,118)	(683,307)
		<u>(828,609)</u>	<u>(683,307)</u>
Loss per Share:			
Basic and diluted (cents per share)		(0.17)	(0.26)

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

Condensed Consolidated Statement of financial position
As at 31 December 2025

	Note	31 Dec 2025 \$	30 June 2025 \$
Current Assets			
Cash and cash equivalents		495,740	1,920,138
Receivables	4	69,396	96,672
Total Current Assets		565,136	2,016,810
Non-Current Assets			
Exploration and evaluation expenditure	5	7,811,829	6,468,052
Property, plant and equipment	6	13,847	16,083
Total Non-Current Assets		7,825,676	6,484,135
Total Assets		8,390,812	8,500,945
Current Liabilities			
Trade and other payables	7	210,098	331,004
Total Current Liabilities		210,098	331,004
Total Liabilities		210,098	331,004
Net Assets		8,180,714	8,169,941
Equity			
Issued capital	8	21,153,282	20,429,209
Reserves	9	1,183,998	1,117,657
Accumulated losses		(14,022,552)	(13,281,840)
Total Equity attributable to owners of the parent		8,314,728	8,265,026
Non-controlling interest		(134,014)	(95,085)
Total Equity		8,180,714	8,169,941

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

Condensed Consolidated Statement of changes in equity

For the half year ended 31 December 2025

	Note	Issued Capital \$	Share Options Reserves \$	Performance Rights Reserve \$	Translation Reserve \$	Accumulated Losses \$	Non- controlling Interest	Total \$
Balance as at 1 July 2024		17,519,987	661,345	-	(10,411)	(11,771,109)	-	6,399,812
Loss for the period		-	-	-	-	(688,064)	-	(688,064)
Other comprehensive income for the period		-	-	-	4,757	-	-	4,757
Total comprehensive income for the period		-	-	-	4,757	(688,064)	-	(683,307)
<i>Transactions with owners, directly in equity</i>								
Share issued during the period	8	47,000	-	-	-	-	-	47,000
Issue of performance rights as share-based payments	8	-	-	28,494	-	-	-	28,494
Expiry of options		-	(82,800)	-	-	82,800	-	-
Balance at 31 December 2024		17,566,987	578,545	28,494	(5,654)	(12,376,373)	-	5,791,999
Balance as at 1 July 2025		20,429,209	935,805	153,576	28,276	(13,281,840)	(95,085)	8,169,941
Loss for the period		-	-	-	-	(770,149)	(38,929)	(809,078)
Other comprehensive loss for the period		-	-	-	(19,531)	-	-	(19,531)
Total comprehensive income for the period		-	-	-	(19,531)	(770,149)	(38,929)	(828,609)
<i>Transactions with owners, directly in equity</i>								
Shares issued during the period	8	762,196	-	-	-	-	-	762,196
Share issue costs		(38,123)	-	-	-	-	-	(38,123)
Issue of performance rights as share-based payments	9.2	-	-	115,309	-	-	-	115,309
Expiry of options	9.1	-	(29,437)	-	-	29,437	-	-
Balance at 31 December 2025		21,153,282	906,368	268,885	8,745	(14,022,552)	(134,014)	8,180,714

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

Condensed Consolidated Statement of cash flows
For the half year ended 31 December 2025

	Note	31 Dec 2025 \$	31 Dec 2024 \$
<i>Cash flows from operating activities</i>			
Other revenue received		-	3,300
Interest received		15,784	39,885
Payments to suppliers and employees		(745,656)	(574,983)
		<hr/>	<hr/>
Net cash used in operating activities		(729,872)	(531,798)
<i>Cash flows from investing activities</i>			
Payments for exploration and evaluation activities		(1,071,516)	(1,129,900)
Payments for subsidiary company		-	(74,425)
Cash from acquisition of subsidiary company		-	73,806
Payment of security bond		-	(14,203)
Payments for property, plant and equipment		-	(4,555)
		<hr/>	<hr/>
Net cash used in investing activities		(1,071,516)	(1,149,277)
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares		416,000	-
Payment for share issue costs		(30,993)	-
		<hr/>	<hr/>
Net cash provided from financing activities		385,007	-
		<hr/>	<hr/>
Net decrease in cash held		(1,416,381)	(1,681,075)
Cash and cash equivalents at the beginning of the period		1,920,138	2,668,186
Effects of exchange rate changes on cash held in foreign currencies		(8,017)	(2,485)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		495,740	984,626

The condensed consolidated statement of cash flow is to be read in conjunction with the accompanying notes.

Notes to the financial statements

For the half year ended 31 December 2025

1. Statement of material accounting policies

These interim financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half-year report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as the full year annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2025 and any public announcements made during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX.

The half-year financial report was authorised for issue by the directors on 13 March 2026.

1.1 Basis of preparation

The interim report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied. The financial statements are for the Consolidated Entity (or "Group") consisting of Desert Metals Limited ("Company") and the entities it controlled from time to time throughout the year. For the purpose of preparing the consolidated financial statements, Desert Metals Limited (or the "Company") is a for profit company limited by shares, incorporated and domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2025 annual financial report for the financial year ended 30 June 2025 and the corresponding half-year financial report, except for the impact of the new and revised Standards and Interpretations effective 1 July 2025, as outlined below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Going Concern

The interim report for the half year ended 31 December 2025 is prepared on a going concern basis, which contemplates the continuity of normal business activity and the commercial realisation of the Group's assets and the settlement of liabilities in the normal course of business.

The Group has incurred a loss for the period after tax of \$809,078 (2024: \$688,064) and experienced net operating and investing cash outflows of \$1,801,388 (2024: \$1,681,075). As at 31 December 2025, the Group has net current assets of \$355,038 (30 June 2025: \$1,685,806).

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

As disclosed in note 12 subsequent events, in January 2026 the Company advised it had completed Tranche 2 of a placement of 128,307,692 fully paid ordinary shares ("Shares") at an issue price of A\$0.0065 raising \$834,000 (before costs).

The Directors have prepared a cash flow forecast which indicates that the Group will have sufficient cash to meet proposed exploration activities 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 curtail expenditure, in the event that any further 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.

Notes to the financial statements

For the half year ended 31 December 2025

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.

1.2 Use of estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial report for the year ended 30 June 2025, except for the impact of the new Standards and Interpretations effective 1 July 2025, as outlined below.

1.3 Adoption of new and revised Standards

The Company has considered the implications of new or amended Accounting Standards which have become applicable for the current annual financial reporting period beginning from 1 July 2025. It has been determined by the Company that there is no impact, material or otherwise, of the new or amended Accounting Standards and therefore no changes to Company accounting policies. No retrospective change in accounting policy or material reclassification has occurred during the half year.

2. 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 quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. None of the individual 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 of 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 consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities are those of the Company and are set out in the consolidated statement of financial position.

3. Dividends

No dividends were paid or declared for the half-year ended 31 December 2025 and the directors have not recommended the payment of a dividend.

4. Trade and other receivables

	31 Dec 2025	30 Jun 2025
	\$	\$
Sundry debtors	8,874	-
Prepayments	24,287	44,764
GST receivable	22,032	37,705
Security / Rent bonds	14,203	14,203
	69,396	96,672

Notes to the financial statements
For the half year ended 31 December 2025

5. Exploration and evaluation expenditure

	31 Dec 2025	30 Jun 2025
	\$	\$
Brought forward exploration and evaluation expenditure	6,468,052	3,963,879
Expenditure incurred during the period	1,371,420	2,504,173
FX movement	(27,643)	
Carried forward exploration and evaluation expenditure	7,811,829	6,468,052

6. Property, plant and equipment

	31 Dec 2025	30 Jun 2025
	\$	\$
Computer & office equipment and software	13,847	16,083
	13,847	16,083

7. Trade and other payables

	31 Dec 2025	30 Jun 2025
	\$	\$
Trade payables and other payables	187,098	259,110
Accrued expenses	23,000	71,894
	210,098	331,004

8. Issued capital

	31 Dec 2025	30 Jun 2025
	\$	\$
522,446,109 fully paid ordinary shares (30 June 2025: 442,286,592)	21,153,282	20,429,209

Fully paid ordinary shares	Half-year ended		Year ended	
	31 Dec 2025		30 Jun 2025	
	No.	\$	No.	\$
Balance at beginning of period	442,286,592	20,429,209	265,425,693	17,519,987
Issue of shares ⁽ⁱ⁾	9,777,770	213,456	-	-
Issue of shares ⁽ⁱⁱ⁾	6,381,747	132,740	-	-
Issue of shares ⁽ⁱⁱⁱ⁾	64,000,000	416,000	-	-
Issue of shares ^(iv)	-	-	2,000,000	47,000
Issue of shares ^(v)	-	-	58,394,884	1,138,700
Issue of shares ^(vi)	-	-	108,271,783	2,111,300
Issue of shares ^(vii)	-	-	8,194,232	159,788
Share issue costs	-	(38,123)	-	(547,566)
	522,446,109	21,153,282	442,286,592	20,429,209

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Notes to the financial statements

For the half year ended 31 December 2025

8. Issued capital (continued)

- (i) Issue of fully paid ordinary shares at \$0.0218 each on 22 August 2025 as partial consideration for drilling services.
- (ii) Issue of fully paid ordinary shares at \$0.0208 each on 25 September 2025 as partial consideration for drilling services.
- (iii) Issue of fully paid ordinary shares at \$0.0065 each on 15 December 2025 pursuant to a placement to sophisticated investors in the Company.
- (iv) Issue of fully paid ordinary shares as a result of Performance Rights vesting and exercised.
- (v) Issue of fully paid ordinary shares at \$0.0195 each on 27 February 2025 pursuant to a placement to sophisticated investors in the Company.
- (vi) Issue of fully paid ordinary shares at \$0.0195 each on 16 April 2025 pursuant to a placement to sophisticated investors in the Company.
- (vii) Issue of fully paid ordinary shares at \$0.0195 each on 16 April 2025 as partial consideration for drilling services.

9. Reserves

9.1 Share Options Reserves

The Share options reserve represents amounts received in consideration for the issue of options to subscribe for ordinary shares in the Company and the value of options issued to third parties for services rendered.

Options Granted during the period

Unlisted options	Half-year ended		Year ended	
	31 Dec 2025		30 Jun 2025	
	No.	\$	No.	\$
Balance at beginning of period	103,167,308	935,805	77,558,216	661,345
Issue of options	-	-	26,500,000	308,148
Issue of options	-	-	4,000,000	49,112
Lapsed during the period	(57,917,308)	(29,437)	(4,890,908)	(82,800)
Balance at end of period	45,250,000	906,368	103,167,308	935,805

The following options arrangements were in existence at the reporting date:

Options Series	Number	Grant Date	Expiry Date	Exercise price	Fair value at grant date	Vesting date
				\$	\$	
DM1UOPT6	1,000,000	08 Mar 2023	08 Mar 2026	\$0.4050	\$0.1787	08 Mar 2023
DM1UOPT7	1,250,000	16 Nov 2023	16 Nov 2026	\$0.1500	\$0.0196	16 Nov 2023
DM1UOPT8	7,500,000	19 Jan 2024	31 Dec 2026	\$0.0600	\$0.0306	19 Jan 2024
DM1UOPT10	5,000,000	22 Jan 2024	22 Jan 2027	\$0.0625	\$0.0231	22 Jan 2024
DM1UOPT11	26,500,000	16 Apr 2025	16 Apr 2028	\$0.035	\$0.0116	16 Apr 2025
DM1UOPT12	4,000,000	16 Apr 2025	16 Apr 2028	\$0.035	\$0.0123	16 Apr 2025

Notes to the financial statements

For the half year ended 31 December 2025

9.1 Options Reserve (continued)

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	Dividend yield (%)	Expected volatility (%)	Risk-free interest rate (%)	Expected life of options (years)	Exercise price (cents)	Grant date share price (cents)
DM1EOPT6	-	122.40	2.72	3	0.4050	0.270
DM1EOPT7	-	121.70	4.23	3	0.1500	0.051
DM1EOPT8	-	126.50	3.87	2.95	0.0600	0.044
DM1EOPT10	-	126.49	3.84	3	0.0625	0.035
DM1EOPT11	-	110.51	3.38	3	0.035	0.02
DM1EOPT12	-	105.92	3.25	2.85	0.035	0.022

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.

9.2 Performance Rights Reserve

The Performance rights reserve represents the value of performance rights issued to third parties for services rendered.

Performance Rights Granted during the period

Performance Rights	Half-year ended		Year ended	
	31 Dec 2025		30 Jun 2025	
	No.	\$	No.	\$
Balance at beginning of period	22,500,000	153,576	-	-
Expensed during the period	-	115,309	-	-
Issue of performance rights - directors	-	-	17,500,000	132,582
Issue of performance rights – employees and consultants	-	-	7,000,000	67,994
Vested during the period (i)	-	-	(2,000,000)	(47,000)
Balance at end of period	22,500,000	268,885	22,500,000	153,576

- (i) 2,000,000 Performance Rights vested during the prior period as the relevant performance condition was satisfied, and as a result 2,000,000 ordinary fully paid shares were issued to Mr Stephen Ross (Managing Director, 1,000,000 Shares) and to Mr Richard Tomlinson (Group Exploration Manager, 1,000,000 Shares).

During the half year, the Directors have assessed the likelihood for the milestones for the performance rights being met. Accordingly, \$115,309 has been expensed during the period as share-based payments.

Notes to the financial statements

For the half year ended 31 December 2025

9.3 Translation reserve

The translation reserve is used to record exchange differences from the translation of the financial statements of foreign operations

	31 Dec 2025	30 Jun 2025
	\$	\$
Balance at beginning of period	28,276	(10,411)
Currency translation differences arising during the period	(19,531)	38,687
Total	8,745	28,276

10. Contingent liabilities and contingent assets

There has been no significant change in contingent liabilities and/or contingent assets since the last annual report other than the following contingent assets arising from the Company assigning joint venture rights to MetalsGrove Mining Limited for the Vavouva, Vavouva West and Kounahiri West projects:

- A\$50,000 cash upon the grant of either the Vavouva West or Kounahiri West licence (whichever is granted first);
- A\$1 million cash on the estimation of a JORC-compliant Mineral Resource of greater than 500,000 ounces of gold (or gold equivalent) and a grade of greater than 1 g/t gold (or gold equivalent) on any or all of the Projects (maximum amount payable of A\$3 million); Subject to the mutual agreement of the parties and compliance with ASX Listing Rules, settlement may be by the issue of MGA shares; and
- 1% net smelter royalty regarding production from the Projects capped at the greater of A\$3 million or the royalty amount in respect of the first 125,000 ounces of gold production.

11. Related party transactions

The related party transactions of the half-year financial report are consistent with those adopted and disclosed in the Company's 2025 annual financial report for the financial year ended 30 June 2025 other than the following:

- During the half-year, \$13,836 was paid to Oxford Capital Partners International Pty Ltd, a company in which Managing Director Mr. Ross is a director and has a beneficial interest, for office space and supporting office equipment. No amount was payable at period end.
- During the half-year, \$73,619 was paid to Corporate Consultants Pty Ltd, a firm of which Mr Patrick Flint is a director and unitholder was paid for accounting and company secretarial services. No amount was payable at period end.

12. Subsequent events

There were no material events subsequent to the balance date and up until the authorisation of the financial statements for issue other than the following:

- On 27 January 2026, the Company confirmed it had allotted 128,307,692 ordinary fully paid shares at \$0.0065 per share to raise \$834,000 (before costs of raising) to institutional and sophisticated investors along with existing shareholders. This was the completion of Tranche 2 of the Placement as announced on 8 December 2025.
- The Company has also issued 45 million options exercisable at \$0.013, expiring 30 June 2027 at an issue price of \$0.00001 to CPS Capital Group Pty Ltd and its nominees for acting as Lead Manager and Broker for the above placement.

Directors' Declaration

The Directors declare that:

1. The financial statements and notes as set out on pages 4 to 13 are in accordance with the Corporations Act 2001, including that they:
 - (a) comply with Accounting Standards as described in Note 1 to the financial statements, comply with AASB 134: *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position of the Consolidated Entity as at 31 December 2025 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



STEPHEN ROSS
Managing Director
Dated this 13th day of March 2026

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

Conclusion

We have reviewed the accompanying half-year financial report of Desert Metals Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2025, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Desert Metals Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$809,078 during the half year ended 31 December 2025. As stated in Note 1.1, these events or conditions, along with other matters as set forth in Note 1.1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



HALL CHADWICK WA AUDIT PTY LTD



**D M BELL FCA
Director**

Dated 13th day of March 2026
Perth, Western Australia