

Desert Metals Limited

A.C.N. 617 947 172

Interim Financial Report
For the Half Year ended 31 December 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	(resigned 19 January 2024)
Mr Keith Charles Murray	Non-Executive Director	(resigned 19 January 2024)
Mr Stephen Michael Ross	Non-Executive Director	(appointed 19 January 2024)

Company Secretary

Mr Paul Heatley (resigned 5 February 2024)
Mr Paul Jurman (appointed 5 February 2024)

Registered and Principal Office

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389 Oxford Street
Mt Hawthorn, Western Australia 6016
Tel: +61 8 99383 9997
Facsimile: +61 8 9380 6761

Postal Address

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Mt Hawthorn, Western Australia 6915

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 5, 191 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
DM1O

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Directors' Report

Your directors present their report on Desert Metals Limited (the Company) for the half year ended 31 December 2023.

Directors

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

- | | | |
|------------------------------|------------------------|-----------------------------|
| • Robert Angus Castle Stuart | Managing Director | |
| • Mark Robert Stewart | Non-Executive Chairman | |
| • Antony William Worth | Technical Director | (resigned 19 January 2024) |
| • Keith Charles Murray | Non-Executive Director | (resigned 19 January 2024) |
| • Stephen Michael Ross | Non-Executive Director | (appointed 19 January 2024) |

REVIEW OF OPERATIONS

Exploration

Desert Metals made substantive progress on several of its exploration projects during the period including announcing the acquisition of highly prospective gold and lithium projects in Côte d'Ivoire in December 2023, with settlement occurring in January 2024. Highlights of the Company's activities include:

Acquisition of Côte d'Ivoire gold and lithium explorer CDI Resources Limited

- Completed the acquisition of Côte d'Ivoire gold and lithium explorer CDI Resources Limited (CDI), in January 2024, which holds interest in seven gold and lithium projects covering 2,769km² of granted mineral permits and permit applications including:
 - Tengrela South gold project (51% ownership, earning 80%) flagship project comprising a granted mineral exploration permit 30km south and along strike of Perseus Mining Limited's Sissingué operating gold mine and 10km north of the Atex lithium discovery. Significant gold mineralisation was identified in historical drilling at Tengrela and an aircore drilling comprising 64 holes for a total of 2,784 metres was completed in February 2024 to test extensions of the Podio and Logbog areas. Results are expected by the end of Q1 2024.
 - Adzope gold project (application, earning up to 80%) has extensive and broad alluvial, eluvial and hard rock gold mineralisation across the entire project area including a +2km-long sequence of artisanal gold operations in the northeast providing an immediate drill target; and
 - Agboville lithium project (applications, earning up to 85%) comprising over 1,000km² of mineral permit applications made over areas of the eastern pegmatite fields of Côte d'Ivoire where lithium, beryllium, tantalum and rare earth mineralisation have been previously identified in government mapping.
- Acquisition aims to add further value to DM1's existing portfolio of nickel, rare earth and gold assets in WA.

Dingo Pass Project

- Assays from drilling confirmed the presence of clay-hosted rare earth elements (REE) extending for at least 9km from the Tower resource (ASX: KTA release 21 November 2022) into the Desert Metals licence.
- Drilling immediately adjacent to the Tower deposit returned 1.6km length of continuous TREO mineralisation of more than 1000ppm.
- Program successfully confirmed the Tower mineralisation footprint is at least five times larger within Desert Metals' licence
- Continuous REE mineralisation at Dingo over at least 9km combines with mineralisation over 20km of strike at Innouendy
- Modelling of these results and mineralisation at Innouendy continues to determine the potential extent of both clay-hosted REE discoveries

Innouendy Project

- Field reconnaissance completed to assess potential for lithium-bearing pegmatites across the project.
- Several pegmatite dykes discovered but no significant spodumene or other lithium-bearing minerals identified.
- Rehabilitation completed on all previous drill sites.

Little Gap Well and Mount Opal Gold Projects

- The Company exercised its option to acquire 60% interest in the Little Gap Well and Mount Opal gold projects. (Refer ASX release dated 18 May 2023)
- Sampling and ground geophysics completed over both projects.
- Ajax Mine line of historic workings identified as a priority drill target with a POW submitted to drill test this and other targets at Mt Opal.
- Well data acquisition from a ground geophysical survey at Little Gap completed – this surrounded a grab sample location that returned 3.8% copper. Analysis of this is underway.

Corporate

On 8 August 2023 the Company exercised its option to acquire 60% interest in the Little Gap Well and Mount Opal gold projects within the Meekatharra gold district. Consideration for the acquisition was a \$50,000 cash payment and issue of 2.5 million fully paid ordinary shares in the Company and 1.25 million options with an exercise price of \$0.15 expiring 16 November 2026.

In December 2023, the Company entered into a binding agreement to acquire 100% of Côte d'Ivoire gold and lithium explorer CDI (Acquisition). In consideration for the Acquisition, the Company agreed to issue the shareholders of CDI a total of 75 million fully paid ordinary shares in the capital of the Company (Shares), subject to shareholder approval.

In December 2023, the Company announced it had received commitments for a placement of shares and attaching options to raise \$3,750,000 (subject to shareholder approval) ("Placement") to fund drilling and exploration in Côte d'Ivoire and to continue exploration on the Western Australian portfolio. The Placement, comprising of ~115.4 million Placement Shares and 57.7 million Placement Options, was approved by shareholders at an extraordinary general meeting of the Company held on 17 January 2024 to approve the Acquisition and related items of business.

Settlement of the Acquisition occurred on 22 January 2024 after satisfaction of the necessary conditions' precedent.

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:

- In January 2024, the Company completed the Acquisition and issued 75 million Shares to the CDI shareholders and completed the Placement raising \$3.75 million before costs via the issue of 115.4 million Shares at an issue price of 3.25 cents to sophisticated and professional investors. 57.7 million Options to acquire shares (exercisable at 6 cents, on or before 31 December 2025) were also issued to investors in the Placement on the basis of one (1) option for every two (2) shares subscribed for and issued.
- CPS Capital Group Pty Ltd, who was Lead Manager to the Placement and acts as Corporate Advisor to the Company, was issued 7.5 million options to acquire shares (exercisable at \$0.06, on or before 31 December 2026) in part consideration for its services.
- Stephen Ross was appointed a non-executive director and Manager of the Côte d'Ivoire projects and Anthony Worth and Keith Murray resigned as directors with effect from the Settlement of the Acquisition.
- In February 2024, Paul Jurman was appointed Company Secretary, replacing Paul Heatley.

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 2023 is set out on the next page.

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

On behalf of the directors



ROBERT STUART

Managing Director

Dated this 4th day of March 2024

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 for the half year ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA
Director

Dated this 4th day of March 2024
Perth, Western Australia

Condensed Statement of profit or loss and other comprehensive income

For the half year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Continuing operations			
Government grants		-	120,000
Other revenue		7,642	16,932
		<u>7,642</u>	<u>136,932</u>
Compliance costs		(41,559)	(75,697)
Depreciation		(10,754)	(11,602)
Directors fees		(94,350)	(93,925)
Exploration and Evaluation		(36,756)	-
Information technology costs		(18,715)	(17,481)
Occupancy costs		(41,867)	(39,200)
Professional fees		(142,500)	(111,686)
Public relations and marketing		-	(31,512)
Travel costs		(2,663)	(9,828)
Administrative expenses		(82,638)	(79,077)
		<u>(471,802)</u>	<u>(470,008)</u>
Loss before tax		(464,160)	(333,076)
Income tax benefit		-	-
		<u>-</u>	<u>-</u>
Net loss for the period		<u>(464,160)</u>	<u>(333,076)</u>
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		-	-
		<u>-</u>	<u>-</u>
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the period		<u>(464,160)</u>	<u>(333,076)</u>
Loss per Share:			
Basic and diluted (cents per share)		(0.63)	(0.51)

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

Condensed Statement of financial position

As at 31 December 2023

	Note	31 Dec 2023 \$	30 June 2023 \$
Current Assets			
Cash and cash equivalents		599,487	1,968,981
Receivables	4	81,391	112,747
Total Current Assets		680,878	2,081,728
Non-Current Assets			
Exploration and evaluation expenditure	5	8,261,661	7,284,565
Property, plant and equipment	6	107,925	118,317
Total Non-Current Assets		8,369,586	7,402,882
Total Assets		9,050,464	9,484,610
Current Liabilities			
Trade and other payables	7	160,437	282,501
Total Current Liabilities		160,437	282,501
Total Liabilities		160,437	282,501
Net Assets		8,890,027	9,202,109
Equity			
Issued capital	8	10,965,741	10,838,241
Reserves	9	315,774	932,026
Accumulated losses		(2,391,488)	(2,568,158)
Net Equity		8,890,027	9,202,109

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

Condensed Statement of changes in equity

For the half year ended 31 December 2023

		Issued Capital	Share Options Reserves	Accumulated Losses	Total
	Note	\$	\$	\$	\$
Balance as at 1 July 2022		8,640,035	723,795	(1,861,784)	7,502,046
Loss for the period		-	-	(333,076)	(333,076)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(333,076)	(333,076)
<i>Transactions with owners, directly in equity</i>					
Share issued during the period	8	2,500,000	-	-	2,500,000
Share issue costs	8	(328,794)	-	-	(328,794)
Balance at 31 December 2022		10,811,241	723,795	(2,194,860)	9,340,176
Balance as at 1 July 2023		10,838,241	932,026	(2,568,158)	9,202,109
Loss for the period		-	-	(464,160)	(464,160)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(464,160)	(464,160)
<i>Transactions with owners, directly in equity</i>					
Shares issued during the period	8	127,500	-	-	127,500
Issue of options as share-based payments	9	-	24,578	-	24,578
Expiry of options			(640,830)	640,830	-
Balance at 31 December 2023		10,965,741	315,774	(2,391,488)	8,890,027

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

Condensed Statement of cash flows

For the half year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
<i>Cash flows from operating activities</i>			
Receipts from Government grants		-	132,000
Other receipts		7,642	16,932
Payments to suppliers and employees		(370,967)	(475,242)
Net cash used in operating activities		(363,325)	(326,310)
<i>Cash flows from investing activities</i>			
Payments for exploration and evaluation activities		(1,005,483)	(1,893,645)
Payments for property, plant and equipment		(686)	(7,109)
Net cash used in investing activities		(1,006,169)	(1,900,754)
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares		-	2,500,000
Payment for share issue costs		-	(150,000)
Net cash provided by financing activities		-	2,350,000
Net increase/(decrease) in cash held		(1,369,494)	122,936
Cash and cash equivalents at the beginning of the period		1,968,981	3,013,946
Cash and cash equivalents at the end of the period		599,487	3,136,882

The condensed 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 2023

1. Statement of significant 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 2023 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 4 March 2024.

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 Company is 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 2023 annual financial report for the financial year ended 30 June 2023 and the corresponding half-year financial report, except for the impact of the new and revised Standards and Interpretations effective 1 July 2023, 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 2023 is prepared on a going concern basis, which contemplates the continuity of normal business activity and the commercial realisation of the Company's assets and the settlement of liabilities in the normal course of business.

The Company has incurred a loss for the period after tax of \$464,160 (2022: \$333,076) and experienced net operating and investing cash outflows of \$1,369,494. As at 31 December 2023, the Company has net current assets of \$520,441.

As disclosed in note 12 subsequent events, in January 2024 the Company completed a placement raising \$3.75 million before costs. Management has prepared a detailed cash flow forecast for the next 12 months from the date of this report and has the ability to defer discretionary costs in line with available funds. The directors are satisfied that the going concern basis of preparation is appropriate.

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 2023, except for the impact of the new Standards and Interpretations effective 1 July 2023, 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 2023. 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.

Notes to the financial statements

For the half year ended 31 December 2023

2. Segment information

The Company operates in one business segment and one geographical segment, namely the mineral exploration industry in Australia. 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. However, 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 condensed 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 condensed statement of financial position.

3. Dividends

No dividends were paid or declared for the half-year ended 31 December 2023 and the directors have not recommended the payment of a dividend.

4. Trade and other receivables

	31 Dec 2023	30 Jun 2023
	\$	\$
Prepayments	28,454	28,523
GST receivable	40,177	71,464
Rent bond	12,760	12,760
	81,391	112,747

5. Exploration and evaluation expenditure

	31 Dec 2023	30 Jun 2023
	\$	\$
Brought forward exploration and evaluation expenditure	7,284,565	4,427,247
Expenditure incurred during the period	977,096	2,857,318
Carried forward exploration and evaluation expenditure	8,261,661	7,284,565

6. Property, plant and equipment

	31 Dec 2023	30 Jun 2023
	\$	\$
Plant and equipment	49,100	53,007
Computer equipment and software	22,006	26,022
Motor vehicles	36,819	39,288
	107,925	118,317

Notes to the financial statements

For the half year ended 31 December 2023

7. Trade and other payables

	31 Dec 2023	30 Jun 2023
	\$	\$
Trade payables and other payables	101,937	267,501
Accrued expenses	58,500	15,000
	160,437	282,501

8. Issued capital

	31 Dec 2023	30 Jun 2023
	\$	\$
75,041,078 fully paid ordinary shares (30 June 2023: 72,541,078)	10,965,741	10,838,241

	Half-year ended		Year ended	
	31 Dec 2023		30 Jun 2023	
Fully paid ordinary shares	No.	\$	No.	\$
Balance at beginning of period	72,541,078	10,838,241	63,181,818	8,640,035
Issue of shares ⁽ⁱ⁾	-	-	9,259,260	2,500,000
Issue of shares ⁽ⁱⁱ⁾			100,000	27,000
Issue of shares ⁽ⁱⁱⁱ⁾	2,500,000	127,500	-	-
Share issue costs	-	-	-	(328,794)
	75,041,078	10,965,741	72,541,078	10,838,241

(i) Issue of fully paid ordinary shares at \$0.27 each on 28 November 2022 pursuant to a placement to sophisticated investors in the Company.

(ii) 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.

(iii) Issue of fully paid ordinary shares at \$0.051 each on 16 November 2023 as part consideration for acquisition of a 60% interest in five tenements comprising the Little Gap Well and Mt Opal projects within the Meekatharra gold district.

9. Options Reserve

	Half-year ended		Year ended	
	31 Dec 2023		30 Jun 2023	
Unlisted options	No.	\$	No.	\$
Balance at beginning of period	18,415,908	932,026	17,190,908	723,795
Issue of options ⁽ⁱ⁾	-	-	225,000	29,437
Issue of options ⁽ⁱⁱ⁾	-	-	1,000,000	178,794
Expiry of options 30 Oct 2023	(10,650,000)	(554,865)	-	-
Expiry of options 16 Dec 2023	(1,650,000)	(85,965)	-	-
Issue of options ⁽ⁱⁱⁱ⁾	1,250,000	24,578	-	-
Balance at end of period	7,365,908	315,774	18,415,908	932,026

Notes to the financial statements

For the half year ended 31 December 2023

9. Options Reserve (Cont.)

- (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.
- (iii) This represents the value attributed to 1,250,000 unlisted options exercisable at \$0.15 issued to Diversified Asset Holdings Pty Ltd as part consideration for acquisition of a 60% interest in five tenements comprising the Little Gap Well and Mt Opal projects within the Meekatharra gold district.

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
DM1EOPT3	800,000	30 Nov 2021	30 Nov 2024	\$0.6000	\$0.2400	30 Nov 2021
DM1EOPT4	4,090,908	02 Jun 2022	02 Jun 2025	\$0.5000	\$0.0000	02 Jun 2022
DM1EOPT5	225,000	31 Aug 2022	31 Aug 2025	\$0.3500	\$0.1308	31 Aug 2022
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	\$0.0290	16 Nov 2023

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 DM1EOPT3	Series DM1EOPT4	Series DM1EOPT5	Series DM1UOPT6	Series DM1UOPT7
Dividend yield (%)	-	-	-	-	-
Expected volatility (%)	100.00%	-	114.00%	122.40%	121.70%
Risk-free interest rate (%)	0.53%	-	2.81%	3.00%	4.23%
Expected life of options (years)	3	3	3	3	3
Exercise price (cents)	0.6000	0.5000	0.3500	0.4050	0.1500
Grant date share price (cents)	0.2400	0.2450	0.2150	0.2700	0.0400

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.

Options DM1OPT4 were issued for nil consideration as free attaching options to the shares issued on 4 April 2022. Options DM1OPT5 were issued for nil consideration to employees and key contractors under the Company's Employee Incentive Plan. As a result there was no value attributable to these options at grant date.

10. Contingent liabilities and contingent assets

There has been no significant change in contingent liabilities and/or contingent assets since the last annual report. Please refer to the 30 June 2023 annual financial report.

Notes to the financial statements

For the half year ended 31 December 2023

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 2023 annual financial report for the financial year ended 30 June 2023.

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:

- In January 2024, the Company completed the Acquisition and issued 75 million Shares to the CDI shareholders and completed the Placement raising \$3.75 million before costs via the issue of 115.4 million Shares at an issue price of 3.25 cents to sophisticated and professional investors. 57.7 million Options to acquire shares (exercisable at 6 cents, on or before 31 December 2025) were also issued to investors in the Placement on the basis of one (1) option for every two (2) shares subscribed for and issued.
- CPS Capital Group Pty Ltd, who was Lead Manager to the Placement and acts as Corporate Advisor to the Company, was issued 7.5 million options to acquire shares (exercisable at \$0.06, on or before 31 December 2026) in part consideration for its services.
- Stephen Ross was appointed a non-executive director and Manager of the Côte d'Ivoire projects and Anthony Worth and Keith Murray resigned as directors with effect from the Settlement of the Acquisition.
- In February 2024, Paul Jurman was appointed Company Secretary, replacing Paul Heatley.

Directors' Declaration

The Directors declare that:

1. The financial statements and notes as set out on pages 4 to 12 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 Company as at 31 December 2023 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 Company 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:



ROBERT STUART

Managing Director

Dated this 4th day of March 2024

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") which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant 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 does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Entity's financial position as at 31 December 2023 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.

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 Entity's financial position as at 31 December 2023 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 CA
Director

Dated this 4th day of March 2024
Perth, Western Australia