

QUARTERLY REPORT

30 JANUARY 2026

Quarterly Activities Report – Quarter Ended 31 December 2025

OPERATIONS

Adzope Permit, southern Côte d'Ivoire

- Stream sediment sampling over the entire permit area commenced in January 2026
- Planning undertaken for the next phase of exploration work at Adzope, including initial sampling of the expansive "Beach" prospect

Tengrela South Permit, northern Côte d'Ivoire

- Aircore drilling is planned to commence in February 2026 to follow up high-grade results at the Tiogo and Kakologo gold prospects in the northeastern area of the permit

CORPORATE

- Firm commitments received for a \$1.25m placement to continue exploration at the Tengrela South and Adzope gold projects
- Tranche 1 for \$416,000 completed in December 2025 and Tranche 2 for \$834,000 completed in January 2026 following receipt of shareholder approval

CÔTE D'IVOIRE PROJECTS

Adzope Gold Project – previous drilling has identified a substantial gold system at King Kong

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.

The Company has completed two diamond drill programs at King Kong, testing gold targets along the anomalous structure. The programs have returned multiple high-grade results, including 17m at 7.5g/t Au from 190m vertical below surface, 3m at 20.6g/t gold from 114m and 7.5m at 3.52g/t gold from 37m.

These high-grade intercepts, along with gold visible in core samples, confirm that significant high-grade gold mineralisation occurs at King Kong on the Adzope permit in the form of free gold within northeast-southwest-trending structural corridors, within quartz-related sulphides, and in volcaniclastics. 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 have been prioritised for further investigation via advanced geophysical surveys, systematic auger sampling and further drilling in the first half of 2026.

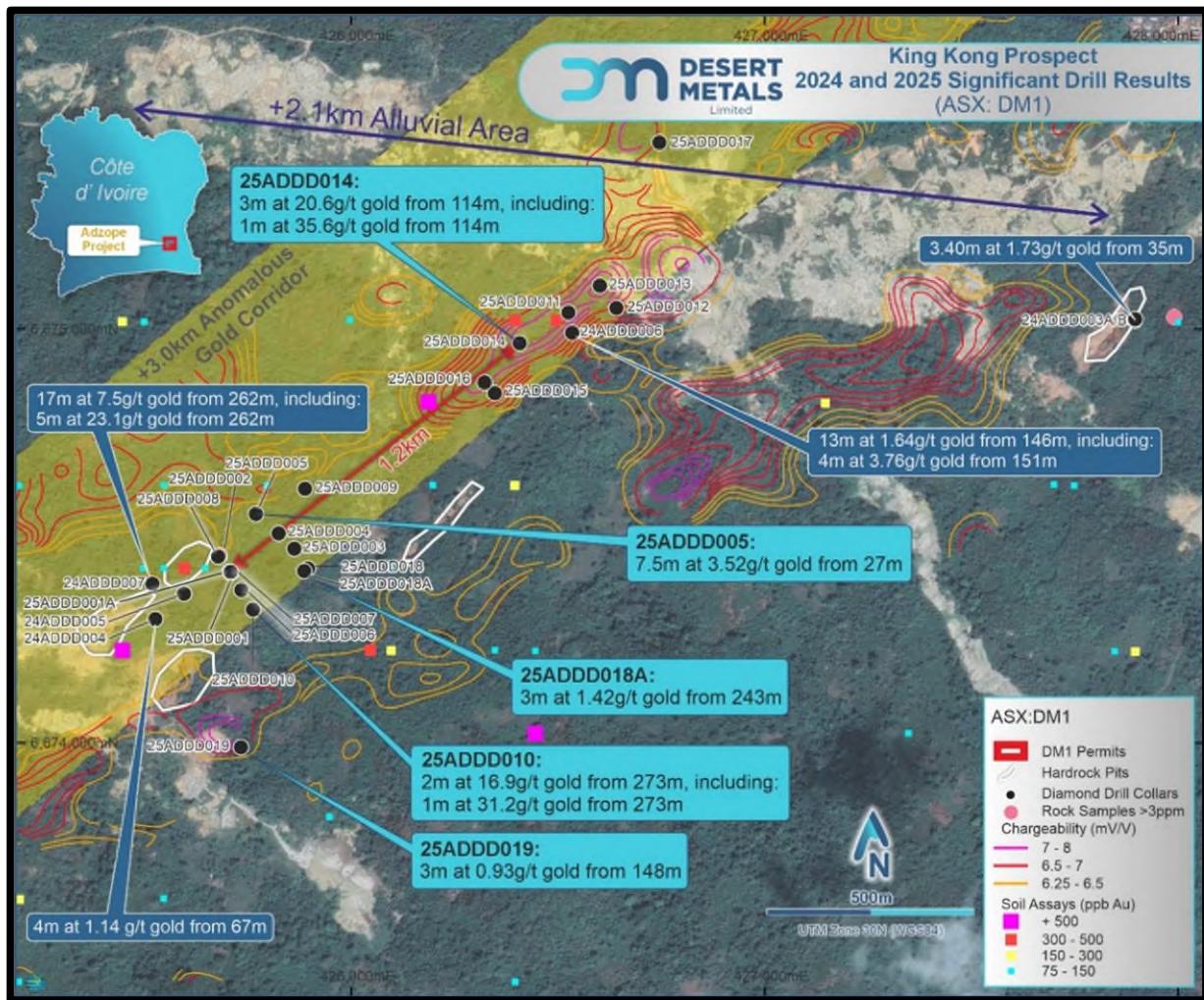


Figure 1 – King Kong Significant Drill Results

The southern parallel zone, which exhibits a pronounced correlation between mineralisation, chargeability anomalies and gold-in-soil geochemical signatures, has also been designated as a target for a dedicated drilling campaign in the 2026 calendar year.

Desert Metals also aims to undertake exploration across the broader Adzope Project area in 2026. The majority of the 228km² Adzope permit is unexplored for gold while the Beach prospect is largely untested and presents an exceptional opportunity for discoveries. Desert Metals commenced a regional stream sediment sampling program over the entire permit area in January 2026.

Tengrela South Permit – ground geophysics and previous drilling show multiple targets for follow up

The Tengrela South gold project is located in northern Côte d'Ivoire and is only 30km and on-strike from Perseus Mining Limited's (ASX: PRU) Sissingué gold mine.

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

- the **3.6km long western Tiogo gold prospect**; and
- the **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 6,000m aircore program has been planned to commence in February 2026 at the Tiogo and Kakologo prospects.

ACQUISITION OPPORTUNITIES

Desert Metals continues to review new project opportunities with a focus on gold projects to complement its existing mineral asset portfolio.

CORPORATE

Share Placement completed to advance Côte d'Ivoire exploration

In December 2025, Desert Metals received firm commitments for a **\$1.25 million Share Placement** (before costs) to sophisticated new and existing Shareholders via the issue of **192,307,692 fully paid ordinary shares** ("Shares") at an issue price of A\$0.0065 per share ("Placement") 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.

Tranche 1 comprising 64,000,000 Shares (\$416,000) were issued under the Company's existing placement capacity under Listing Rule 7.1 on 15 December 2025.

Tranche 2 of the Placement equalling 128,307,692 Shares to raise a further \$834,000, were issued in January 2026 following receipt of shareholder approval.

Desert Metals will use 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

ASX Additional Information

1. **ASX Listing Rule 5.3.1:** Exploration and Evaluation Expenditure (excluding staff costs) during the Quarter was \$284,000. Full details of exploration activity during the Quarter are set out in this report.
2. **ASX Listing Rule 5.3.2:** There were no substantive mining production and development activities during the Quarter.
3. **ASX Listing Rule 5.3.5:** A total of \$98,258 was paid to related parties during the quarter comprising Director fees. During the quarter, \$42,976 was paid to Corporate Consultants Pty Ltd, a company in which director Mr. Flint is a director and has a beneficial interest, for accounting, secretarial and corporate service fees. During the quarter, \$6,918 was paid to Oxford Capital Partners International Pty Ltd, a company in which director Mr. Ross is a director and has a beneficial interest, for office space and supporting office equipment.

This Announcement has been approved for release by the Board of Desert Metals Limited.

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About Desert Metals Limited

Desert Metals Limited is an ASX-listed (ASX:DM1) gold exploration and development company. DM1 has the right to earn a majority interest under low-cost joint venture arrangements in three gold projects covering 1,074km² of granted mineral permits and permit applications in Côte d'Ivoire, West Africa. DM1 has earned an 80% interest in the Tengrela South project 30km south of the operating Sissingué gold mine and an 80% interest in the Adzope gold project in the south of the country.

Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Stephen Ross, a competent person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Ross has a minimum of five years' experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves. Mr Ross is a related party of the Company, being a Director, and holds securities in the Company. Mr Ross has consented to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

References to previous ASX releases

The information in this report that relates to exploration results were last reported by the company in compliance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves in market releases dated as follows:

7 May 2025	First-pass aircore drilling identifies potential 900m gold zone at Tiogo prospect, Tengrela South, Côte d'Ivoire
23 July 2025	Ground geophysics confirms multiple drilling targets at Tiogo and Kakologo gold prospects, Tengrela South, Côte d'Ivoire
25 August 2025	Multiple high-grade gold intercepts in drilling at King Kong Prospect, Côte d'Ivoire
29 September 2025	Final results from drilling at the King Kong gold prospect, Côte d'Ivoire

The Company confirms that it is unaware of any new information or data that materially affects the information included in the market announcements referred to above and further confirms that all material assumptions underpinning the exploration results contained in those market releases continue to apply and have not materially changed.

Disclaimer

Some of the statements appearing in this announcement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which DM1 operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement. No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by several factors and subject to various uncertainties and contingencies, many of which will be outside DM1's control. DM1 does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of DM1, its directors, employees, advisors, or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.

Annexure 1 – Schedule of Tenements

In accordance with listing rule 5.3.3, the table below shows the interest in tenements held by the Company at the end of the Quarter.

Côte d'Ivoire Tenements *					
Tenement ID	Name	Type	Status	Ownership	Holder
PR-683	Tengrela South	Exploration	Granted	51% Earning up to 80%	Smart Mineral Exploration Côte d'Ivoire SARL
PR-960	Adzope	Exploration	Granted	51% Earning up to 80%	African Resources SARL
0155DMICM25/01/23 0170DMICM26/01/23	Agboville	Exploration	Application	Earning up to 85%	Ivoire Lithium Resources SARL

* 100% owned subsidiary CDI Minerals Pty Ltd is earning an interest in all Côte d'Ivoire licenses through various joint venture agreements with the holder of the licenses.

See **ASX Announcement 4 December 2023** for earn-in agreement details.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Desert Metals Limited

ABN

84 617 947 172

Quarter ended ("current quarter")

31 December 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(298)	(584)
(e) administration and corporate costs	(131)	(382)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received - GST	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other –	-	-
1.9 Net cash from / (used in) operating activities	(425)	(950)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(284)	(851)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
(a)	entities	-	-
(b)	tenements	-	-
(c)	property, plant and equipment	-	-
(d)	investments	-	-
(e)	other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other –	-	-
2.6	Net cash from / (used in) investing activities	(284)	(851)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	416	416
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(31)	(31)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(5)	-
3.10	Net cash from / (used in) financing activities	380	385
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	834	1,920
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(425)	(950)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(284)	(851)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	380	385

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
4.5 Effect of movement in exchange rates on cash held	(9)	(8)
4.6 Cash and cash equivalents at end of period	496	496
 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	496	834
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	496	834
 6. Payments to related parties of the entity and their associates	Current quarter \$A'000	
6.1 Aggregate amount of payments to related parties and their associates included in item 1	148	
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		
 7. Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
 7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(425)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(284)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(709)
8.4 Cash and cash equivalents at quarter end (item 4.6)	496
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	496
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.70
<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: Yes.</p>	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: In December 2025, the Company received firm commitments via a Placement to sophisticated and professional investors to raise \$1.25 million (before costs). Tranche 1 of the Placement was completed in December 2025 (\$416,000), and Tranche 2 was completed post-quarter-end on 27 January 2026 raising \$834,000 (before costs). The Company has a track record of raising equity capital to meet its requirements.</p>	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<p>Answer: Yes, the Company expects to be able to continue its operations and meet its business objectives on the basis noted in (2) above.</p>	
<p><i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i></p>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2026

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.