

ASX RELEASE
27 October 2026

Sale of Tengrela South Project for up to A\$5 million cash and 1% NSR

HIGHLIGHTS

- Binding agreement to sell DM1's **80% interest in Tengrela South** (PR-683) to CSE-listed **Waraba Gold Limited**
- **A\$2.5 million cash by completion** comprising A\$100,000 exclusivity fee already received, a **A\$500,000 deposit** on signing and **A\$1.9 million at completion**
- **Up to a further A\$2.5 million** cash on extension of Tengrela South permit beyond November 2027
- DM1 will hold a **1% NSR royalty** over Tengrela South, which Waraba may buy back for **A\$2.2 million**
- **Non-dilutive deal** with **no new DM1 shares** to be issued under the transaction
- Sale proceeds will allow DM1 to advance the **+7km Nyan gold anomaly at Adzope** through to drilling, initial exploration of the Agboville gold-lithium project, and identify new project opportunities to complement its existing mineral asset portfolio

Desert Metals Limited (Desert Metals, DM1 or the Company) is pleased to announce it has signed a **binding share sale agreement** (Agreement) with Canadian-listed **Waraba Gold Limited** (CSE: WBGD) (Waraba) to sell its **80% interest in Leo Resources SARL** (Leo Resources). Leo Resources holds the **Tengrela South** gold exploration permit PR-683 in northern Côte d'Ivoire, 30km south of Perseus Mining's Sissingué gold mine.

Total consideration for the 80% of the Tengrela South permit is **up to A\$5.0 million in cash**, of which **A\$2.5 million is paid or payable by completion**, up to a further A\$2.5 million in cash is payable on extension of the permit beyond November 2027 plus a **1% net smelter return (NSR) royalty**.

Tengrela South covers **212.66km²** and DM1's Ivorian partner, Smart Mineral Explorer SARL (SMEX), retains its 20% carried interest in Leo Resources. Waraba is a Vancouver-based gold explorer focused on West Africa, and recently announced very encouraging gold results from a trench and channel sampling program on its neighbouring Tengrela permits.

Desert Metals Managing Director Stephen Ross said:

"This sale of Tengrela South is an excellent outcome for Desert Metals shareholders, delivering A\$2.5 million in cash by completion, up to a further A\$2.5 million on permit renewal and a royalty over future production. Waraba is extremely well placed to take Tengrela South forward, having recently released exciting results from its neighbouring Tengrela permit.

For DM1, the sale removes the need for a dilutive capital raising whilst retaining exposure to ongoing upside at the Tengrela South project through the NSR.

Proceeds from the sale will enable DM1 to focus our funding and team on the Adzope permit, where the +7km Nyan anomaly, along strike from our King Kong discovery, has never been drilled. We now look forward to taking Nyan through to its first drilling program.

The sale proceeds will also be used to fund initial exploration of the Agboville gold-lithium project, identification and acquisition of new project opportunities to complement the existing mineral asset portfolio and for working capital purposes."

Non-dilutive funding to focus on Adzope and new project opportunities

After completion of the transaction, DM1 will concentrate its funding and team on the Adzope Gold Project in south-eastern Côte d'Ivoire. Maiden soil sampling at the **Nyan prospect** defined a high-grade gold-in-soil anomaly over more than 7km, with peak values of **6.04g/t gold** and **3.63g/t gold** (ASX announcement 9 June 2026).

Nyan lies directly along strike from DM1's **King Kong** discovery, where drilling returned **17m at 7.5g/t gold** (ASX announcement 10 December 2024). DM1's planned program at Nyan comprises **infill soil sampling, drill hole targeting, auger sampling and aircore drilling**.

DM1 will also use sale proceeds to fund initial exploration of the Agboville gold-lithium project, identification and acquisition of new project opportunities to complement the existing mineral asset portfolio and, for working capital purposes.

Transaction Terms

Table 1 – Cash consideration payable to DM1

Payment	A\$	Timing
Exclusivity fee	\$100,000	Received
Deposit	\$500,000	Within one business day of signing
Completion payment ¹	\$1,900,000	At completion
Cash by completion	\$2,500,000	
Permit renewal payment ²	Up to \$2,300,000	Within 5 business days of renewal
Contingency balance ³	Up to \$200,000	Within 10 business days of renewal
Total cash consideration	Up to \$5,000,000	

¹ Includes A\$250,000 held in a retention account for six months after completion against any claims under the Agreement.

² A\$2.3 million if the permit is renewed beyond its expiry date of 3 November 2027 for two years or more (or an exploitation permit is granted); A\$1.15 million if renewed for one to two years; reduced pro rata if the renewal covers less than 75% of the permit area.

³ A\$200,000 (A\$100,000 for a renewal of under two years) retained by Waraba for permit renewal costs, with the balance paid to DM1.

Waraba is not a related party of the Company, and no DM1 Director has any material personal interest or conflict of interest in connection with the transaction.

The deposit is refundable only in limited circumstances, including if the conditions are not satisfied. On completion, Waraba will grant DM1 a **1% NSR royalty** over the Tengrela South permit area, which Waraba may buy back at any time for **A\$2.2 million**, in cash or, at its election, in Waraba shares at the 20-day volume-weighted average price. The Agreement contains customary warranties and indemnities.

Completion is subject to the satisfaction or waiver of conditions precedent, including:

- i. Within three months of signing – waivers, consents and confirmations from SMEX and its principals, including agreement on post-completion advisory arrangements with Waraba; and
- ii. Within six months of signing – Côte d'Ivoire ministerial approval for the change of control of Leo Resources, and delivery of customary corporate and financial documents.

Completion will occur two business days after the conditions are satisfied or waived. DM1 does not require shareholder approval under the ASX Listing Rules.

Previously Reported Exploration Results

The Exploration Results referred to in this announcement were first reported in the Company's ASX announcements dated 10 December 2024 and 9 June 2026. The Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements, and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

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 company focused on Côte d'Ivoire, West Africa. DM1's flagship Adzope Project in south-eastern Côte d'Ivoire comprises three permits covering approximately 826km² prospective for gold and lithium, including the King Kong gold discovery and the Nyan gold prospect. DM1 also holds an 80% interest in the Tengrela South project, which is the subject of this announcement.

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.

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