

ABN: 56 123 102 974

**CAMEL HILLS AIR-MAGNETIC DATA FOSTERS SUPPORT FOR
FOLLOW -UP DRILLING CAMPAIGN
VTEM SURVEY COMMISSIONED OVER CU-NI TARGETS**

**ASX
RELEASE**

9 March 2011

**Large Diversified
Exploration Portfolio In
Western Australia**

Substantial Shareholder
Aurora Minerals Limited
40%

Website
www.desertenergy.com.au

For further information on
this release and the
Company please contact:

Investor Relations Manager
Ken Banks
Office
+61 2 8969 2777
Mobile Phone
+61 (0) 402 079 999

Email
kbanks@auroraminerals.com

Highlights

- **Reprocessed airborne magnetic survey aids in identification of high priority iron ore targets**
- **Scale of targets interpreted to be considerably larger than T21 –the first target drilled in late 2010**
- **Drill planning in progress**
- **Contract signed for VTEM airborne survey over Copper-Nickel targets**

Desert Energy Limited (ASX:DSN) is pleased to announce that it has recently commissioned a reprocessing of its air-borne magnetite data flown over the Camel Hills Joint Venture Project area, central Western Australia. Results highlight high clarity targets for follow up exploration for magnetite iron ore (Figure 1).

The reprocessed data complements Desert's earlier field campaigns where numerous iron ore prospects were identified from surface prospecting and sampling (Table 1).

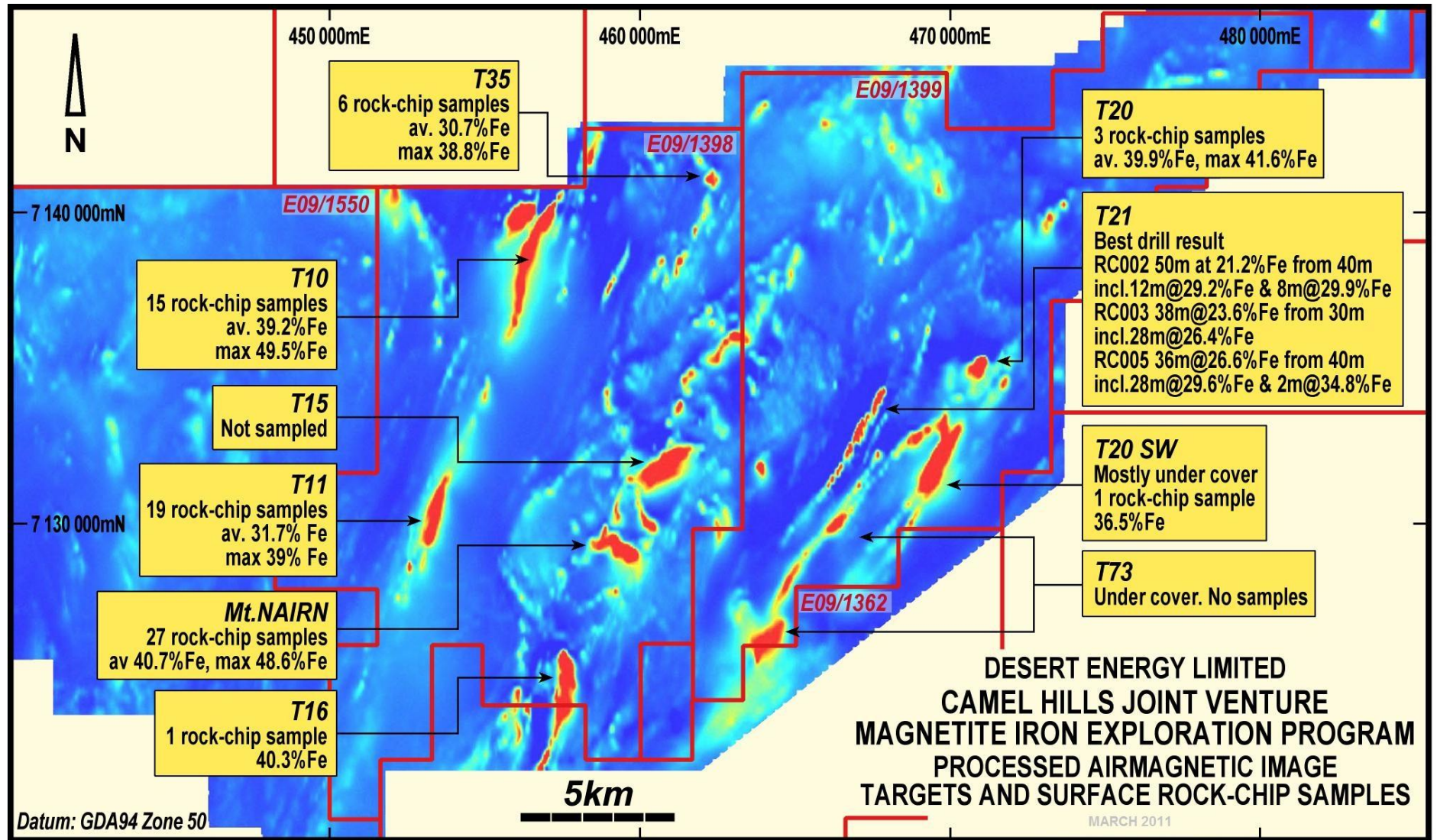
Target "T21" was selected for Desert's maiden magnetite iron drilling program due to its outcropping nature and relative ease of access. T21 also displayed a strong magnetic signature. However, many additional targets have been noted from the above work as shown in Figure 1, some of which are interpreted to lie under shallow alluvial cover.

Several of these targets are an order of magnitude larger than T21 and hence represent important follow up targets. Surface rock-chip sample results from the 2010 field exploration are shown on Figure 1 and listed in the accompanying table.

Also noted in the reprocessed airborne magnetic data are various discontinuities in the magnetic signatures which could indicate areas of magnetite-quartzite which have been altered to other iron minerals, examples of which have been observed in other Mid-West iron projects.

The work program for the 2011 field season is currently being finalised but will include ground based magnetics and drilling of several high priority targets. Site access is currently restricted due to exceptionally heavy summer rainfall across much of northern Western Australia but field activities are expected to resume as soon as access becomes available.

Figure 1: Camel Hills Iron Ore prospect locations on processed magnetic image showing additional high priority targets



The high intensity red shaded signatures (in Figure 1 above) are interpreted to be magnetite-quartzite meta-BIF units. The estimated strike length potential of the highly magnetic part of these units as interpreted from air-magnetics, prospecting and rock chip sampling is approximately 21km.

Copper-Nickel Exploration Program

Desert Energy has now finalized the contract for a VTEM airborne geophysical survey over three areas in the southern part of the Camel Hills joint venture. The target is massive copper-nickel sulphides associated with small mafic to ultramafic intrusive at Far West, CN2 and Innouendy. The VTEM (Versatile Time-domain Electromagnetic) system is ideal for this type of target, and the survey is expected to commence when the weather clears and access becomes possible.

Camel Hills Joint Venture

Under the terms of the joint venture agreement, Desert can earn a 51% interest in the Camel Hills Project from Aurora Minerals Limited by sole funding the first \$3.8 million of exploration expenditure. Desert can elect to continue sole funding to earn an additional 19% interest in the project, for a total 70% interest.

Martin Pyle
Executive Director
Mob. 0429 999 552

Robert Taylor
Executive Director

The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Robert S Taylor, a Member of The Institute of Materials, Minerals and Mining. Executive Director of Aurora Minerals Limited and Desert Energy Limited, Robert Taylor consults to the Companies through his respective consulting company Able Kids Pty Ltd.

Robert Taylor has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Robert Taylor consents to the inclusion in the presentation of the matters based on this information in the form and context in which it appears.

The Company's website (www.desertenergy.com.au) is recommended reading for interested market watchers, brokers and investors. The website contains information on the Company's projects, project maps, a list of the Company's announcements to ASX, information on Native Title (including the tenement grant process and heritage surveys) including the Desert Energy Prospectus, the legislative environments under which the Company operates, Corporate Governance, a section on risks, many of which are common to exploration companies, and other useful information. A list of the Company's announcements is also obtainable from the Australian Securities Exchange.

If you would like copies of announcements emailed to you, please contact Ken Banks.

Table 1: Camel Hills Magnetite Iron - Rock Chip Samples

SAMPLE NUMBER	TARGET	EASTING	NORTHING	Fe%	Al ₂ O ₃ %	SiO ₂ %	P%
112772	20	471002	7135237	38.5	0.34	43.3	0.051
112773	20	470987	7135247	39.6	0.58	40	0.042
112774	20	470969	7135274	41.6	0.71	37.7	0.059
116835	35	462177	7141198	28.2	1.31	44.9	0.055
116836	35	461821	7141925	29.1	0.38	51.2	0.124
112862	35	462188	7141173	38.8	0.63	40.6	0.174
112863	35	462210	7141190	28.7	0.43	54.4	0.079
112864	35	462321	7141283	28.3	0.45	56.7	0.053
112865	35	462324	7141292	30.9	0.43	52.4	0.033
116820	10	456819	7139626	41.7	1.73	33.4	0.055
116821	10	456796	7139624	39.4	1.27	38.6	0.057
116823	10	456893	7139798	37.5	1.02	41.3	0.035
116824	10	456974	7139922	38.5	0.82	40.9	0.037
116825	10	456985	7139917	39.7	0.38	39.8	0.044
116826	10	457030	7139982	39.8	0.55	39.4	0.052
116827	10	457036	7139980	39.7	0.4	40	0.048
116828	10	457072	7140052	40.3	0.44	39.6	0.026
116829	10	457153	7140173	40	0.38	39.5	0.045
116830	10	457168	7140167	34.9	0.34	45.2	0.032
116831	10	457320	7140320	39.2	0.79	39.2	0.059
116832	10	457300	7140420	36.5	1.17	43.7	0.068
116833	10	457312	7140465	40.4	1	35.9	0.079
116834	10	457476	7140562	41	0.3	38.5	0.05
112882	10	457224	7140277	49.5	1.5	21	0.05
116793	Mt. Nairn	458810	7129495	41.9	0.34	37.7	0.06
116794	Mt. Nairn	458968	7129486	40.2	0.41	40.2	0.065
116795	Mt. Nairn	459041	7129541	42.7	0.54	35.5	0.072
116796	Mt. Nairn	459042	7129619	41	0.69	38	0.081
116797	Mt. Nairn	458882	7129638	39	0.67	41.3	0.052
116798	Mt. Nairn	459534	7129534	42.8	1.06	33.7	0.04
116799	Mt. Nairn	459180	7129555	43.2	0.93	33.7	0.049
116800	Mt. Nairn	459583	7129585	34.7	0.52	47.3	0.026
116801	Mt. Nairn	459234	7129507	37.1	0.57	43.6	0.03
116802	Mt. Nairn	459228	7129596	40.3	0.31	39.6	0.053

Table 1 (continued): Camel Hills Magnetite Iron - Rock Chip Samples

SAMPLE NUMBER	TARGET	EASTING	NORTHING	Fe%	Al2O3%	SiO2%	P%
116803	Mt. Nairn	459064	7129601	38.8	1.25	40.1	0.034
116804	Mt. Nairn	458729	7129490	40.6	0.34	39	0.062
116805	Mt. Nairn	458534	7129420	47.1	1.12	27.6	0.065
116806	Mt. Nairn	458527	7129406	40.9	3.06	33.7	0.028
116807	Mt. Nairn	458621	7129339	44.3	0.88	32.1	0.062
116813	Mt. Nairn	459326	7129121	40	0.37	40.4	0.033
116814	Mt. Nairn	459333	7129309	42.5	1.72	32.1	0.07
116815	Mt. Nairn	459181	7129295	42.9	1.2	33.4	0.069
116816	Mt. Nairn	459193	7129347	44.2	1.07	32.1	0.089
116817	Mt. Nairn	459339	7129362	48.6	3.28	19	0.056
116818	Mt. Nairn	459135	7129411	42.9	1.7	33.7	0.04
116819	Mt. Nairn	459270	7129679	35.2	0.35	46.2	0.031
116808	Mt. Nairn E	459605	7129195	38	0.36	43.1	0.042
116809	Mt. Nairn E	459663	7129144	37.1	0.57	43.9	0.043
116810	Mt. Nairn E	459735	7129113	39	0.37	42.3	0.026
116811	Mt. Nairn E	459775	7129085	37.3	0.32	43.6	0.042
116812	Mt. Nairn E	459828	7129121	37.2	0.36	43.4	0.026
111109	11	453370	7129810	35.19	0.81	46.69	0.032
111110	11	453370	7129810	35.72	0.7	45.94	0.035
111111	11	453370	7129810	38.97	0.81	40.73	0.052
111112	11	453370	7129810	31.03	0.77	53.28	0.032
111113	11	453370	7129810	32.13	0.58	51.78	0.033
111114	11	453370	7129810	34.11	0.56	48.06	0.049
111115	11	453370	7129810	36.94	0.45	45.05	0.054
111116	11	453370	7129810	32.9	0.61	50.6	0.038
111117	11	453370	7129810	35.08	0.64	46.49	0.05
111118	11	453370	7129810	35.42	0.47	46.99	0.056
111119	11	453370	7129810	35.8	0.36	46.49	0.047
111120	11	453370	7129810	32.48	0.77	50.69	0.021
111121	11	453100	7129920	25.6	1.6	55.25	0.096
111122	11	453100	7129920	26.53	1.61	53.45	0.037
111123	11	453100	7129920	26.75	1.13	54.36	0.147
111124	11	453100	7129920	25.55	0.86	56.65	0.049
111125	11	453100	7129920	25.43	1.3	55.54	0.065
111126	11	453100	7129920	31.23	1.23	46.35	0.081
111127	11	453100	7129920	25.72	1.04	56.95	0.079
111201	20SW	469270	7131800	36.51	0.53	45.87	0.046
112947	16	457490	7124952	40.3	0.52	40.9	0.057

NOTES:

All samples are surface rock-chips

Datum used is GDA94 zone 50

Analyses by XRF