

ASX

RELEASE

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ASX: DSN
Large Diversified
Exploration Portfolio In
Western Australia

Substantial Shareholder
Aurora Minerals Limited
40%

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**CAMEL HILLS IRON ORE DRILLING AND
HIGHLY SIGNIFICANT NEW COPPER/GOLD DISCOVERY**

Highlights

- **Reconnaissance RC drill program of new iron ore targets successful**
 - Several thick intersections of magnetite iron reported
 - Best result of 60m @ 33% Fe from hole BCT20R006
- **Dalgety prospect yields high grade copper and gold mineralisation from surface rock chip samples**
 - Best results from gossanous quartz veins include 5% Cu and 1.8g/t Au, 2.5% Cu and 3.7g/t Au.
- **Follow-up prospecting and mapping underway**

Magnetite Iron Ore Drilling

Desert Energy Limited (ASX:DSN) is pleased to report on its second RC drilling campaign on iron ore targets at its Camel Hills Joint Venture project located in the central mid-west region of Western Australia (Figure 1). These targets were generated as follow up to the successful maiden drilling campaign completed in December 2010.

Twenty-ones holes were drilled in the current program which was completed in July 2011; the targets are shown in Figure 2. The targets were generated from detailed aero-magnetic surveys, prospect scale mapping and sampling, and ground based magnetic and gravity surveys.

Due to the reconnaissance nature of the program most targets received only one or two holes. Those reporting significant magnetite iron mineralisation are reported in Table 1. Samples are being submitted for metallurgical test work to determine magnetite recoveries.

The results indicate that several of the targets are worthy of more detailed drilling to potentially generate resources along with the T21 target drilled reported on previously.

A number of other targets shown in Figure 2 warrant drilling but due to accessibility and permitting requirements were not include in this campaign.

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Dalgety Copper-Gold

The Dalgety Copper-Gold tenement (E09/1718) covers approximately 12kms of the regional Deadman Fault which hosts a number of zones of anomalous gold and copper mineralisation (Figure 1). A number of copper occurrences and a portion of the prospective Mt James Formation also occur on the tenement.

Gascoyne Resources has announced a significant gold resource directly southwest of the Dalgety tenement. There the gold occurs in ferruginous quartz filled shears which appear to be represented on the magnetic images as distinct highs, running off the Deadman Fault. There are three or four similar features on Desert's E09/1718 and all contain quartz veins with sulphidic quartz veins; some have associated alluvial gold workings.

There are a number of copper and gold occurrences on the Dalgety tenement, mostly expressed as quartz veins with malachite stains. One major system running over a strike of over 400m consists of outcrops of malachite stained quartz with disseminated pyrite and chalcopyrite, very gossanous quartz and numerous small pits and shafts.

Desert conducted reconnaissance rock chip sampling over the tenements in June. Highlighted samples which returned high grade copper and gold values are shown in the table below:

Easting MGA	Northing MGA	Au gpt	Cu%	Comments
424123	7200745	1.83	5.04	White quartz with disseminated blebs of cuprite, malachite and azurite
424100	7200711	2.23	4.83	White quartz with disseminated blebs of cuprite, malachite and azurite
424178	7200761	0.84	4.13	Gossanous quartz, minor cuprite and malachite spots
424063	7200710	3.66	2.54	White quartz with disseminated blebs of cuprite, malachite and azurite
423835	7200694	2.22	0.73	Brown white quartz with abundant Fe filled clasts and boxworks, malachite staining

Selected Rock Chip samples collected from tenement E09/01718

Desert Energy regards the results as highly significant and warrant immediate follow up. More detailed prospecting and mapping is underway with the aim of generating specific targets for drilling.

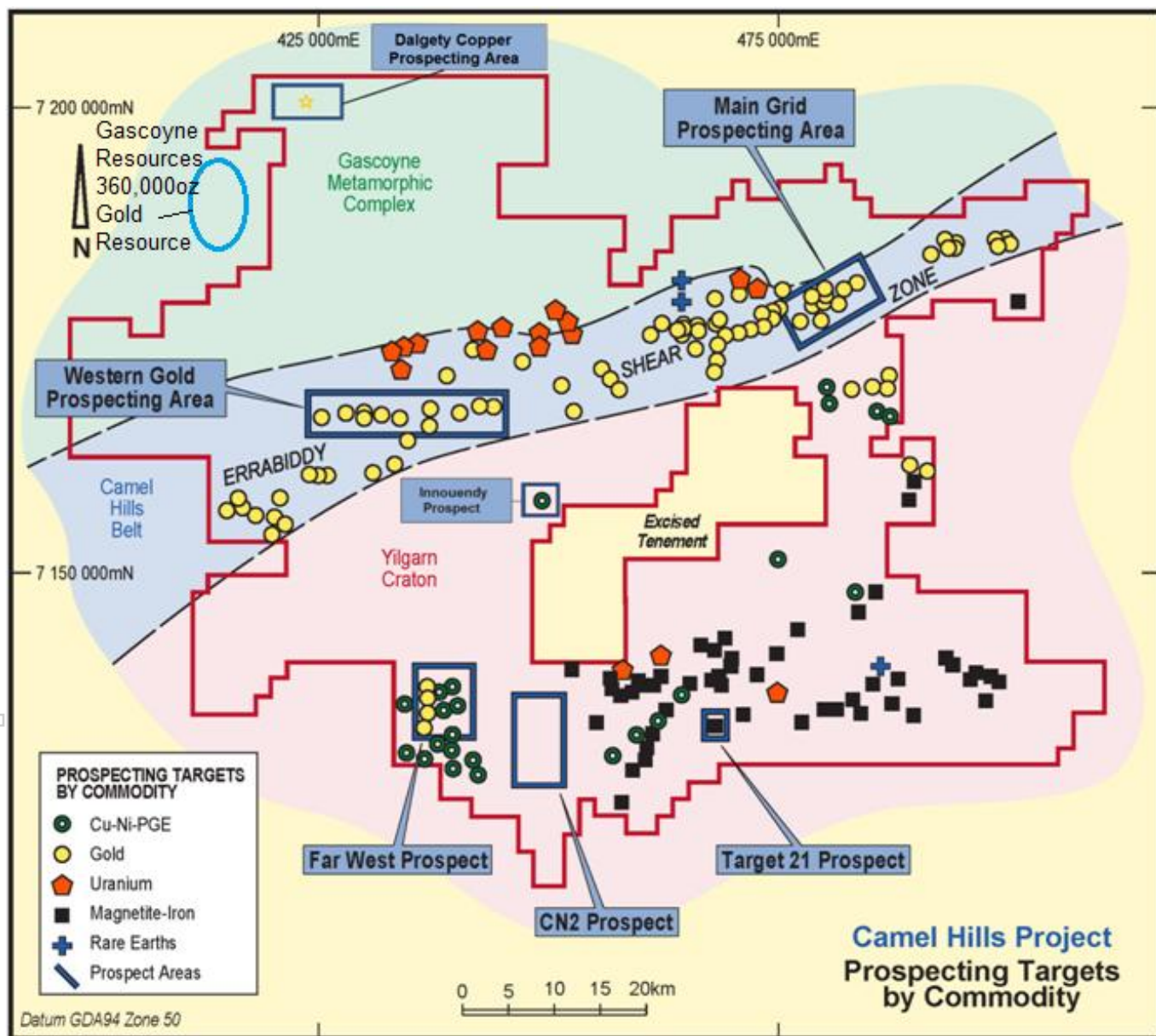
Camel Hills Joint Venture

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.

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Figure 1: Camels Hills Location Map showing Prospecting Targets by Commodity



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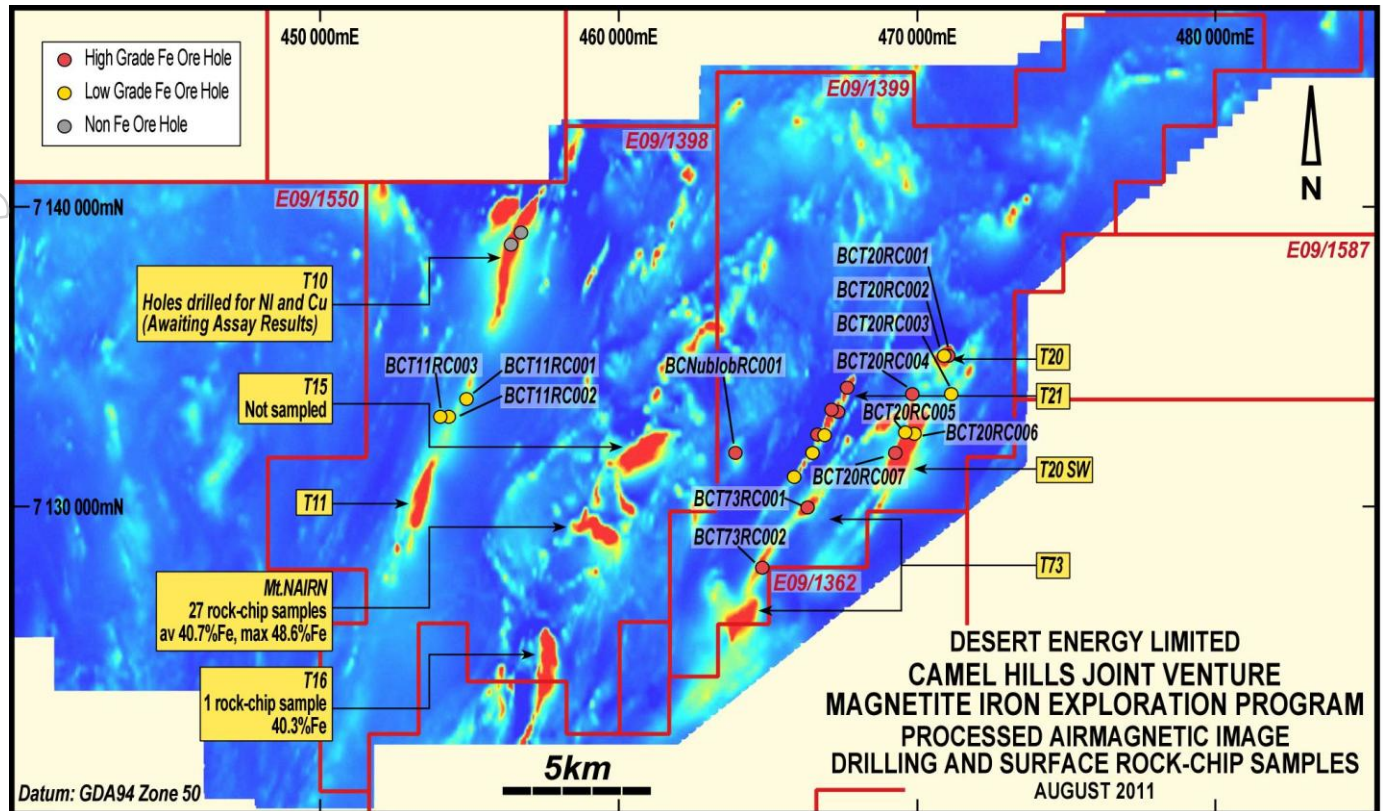
Table 1: Preliminary Selected Assays – RC Program #2 Camel Hills Iron Ore Drilling

Hole Id	Easting	Northing	Depth From m	Depth to m	Interval m	Fe %
BCT20RC001	470900	7135000	6	22	16	34.08
and			49	61	12	34.39
BCT20RC004	469775	7133760	41	43	2	18.12
and			50	53	3	12.04
BCT20RC006	469850	7132500	43	47	4	26.47
and			60	62	2	40.91
and			69	75	6	38.50
BCT20RC007	469220	7131800	15	21	6	32.78
and			23	25	2	25.32
and			26	28	2	27.16
and			30	32	2	19.82
and			57	117	60	32.57
BCT73RC001	466300	7130000	110	112	2	33.39
BCT73RC002	464775	7128000	80	84	4	38.98
and			87	89	2	41.97
and			103	113	10	29.70
and			115	116	1	20.14
and			116	120	4	34.78
and			124	132	8	35.82
BCTNuBlobRC	463900	7131800	64	65	1	21.69

Assays remain outstanding for a number of holes not reported above and for intervals within holes above.

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Figure 2: Camel Hills Iron Ore drill locations on processed magnetic image



The high intensity red shaded signatures in Figure 2 above are interpreted to be magnetite-quartzite iron formations with intercalated mafic and ultramafic unit.

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 and Mr. John Jordan, a corporate member of the Australasian Institute of Mining and Metallurgy. Executive Director of Aurora Minerals Limited and Desert Energy Limited, Robert Taylor, and John Jordan, consultant, consult to the Companies through their respective consulting companies Able Kids Pty Ltd and Churchlands Consulting Pty Ltd.

Robert Taylor and John Jordan have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 and John Jordan consent 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), 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.

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