



1 February 2010

The Manager
Announcements
Company Announcements Office
Australian Securities Exchange Limited
PO Box H224 Australia Square
SYDNEY NSW 2000

Dear Sir/Madam

Funding to advance Camel Hills Exploration

Desert Energy Limited (“the Company”) is pleased to announce that it proposes to make a placement of 20,000,000 new fully paid ordinary shares at an issue price of 11 cents each, raising \$2,200,000, before expenses of the issue. The placement will be made to a cornerstone Chinese resource investor and to sophisticated investor clients of five prominent broking firms in Australia.

The placement is to be made under the Company’s approval granted at the Annual General Meeting in November 2010 (15 million shares), with the remainder under the Company’s 15% placement capacity without the need for shareholder approval.

The purpose of the placement is to provide funding for the Company’s Camel Hills Project and for working capital.

Commenting on the placement Executive Director Martin Pyle noted: “Camel Hills exploration activity is stepping up a gear in 2011 on the back of the extensive targeting undertaken in previous years which culminated in our successful maiden magnetite iron drilling program in late-2010. Combined with current cash on hand Desert will have approximately \$4 million to pursue follow-up drilling campaigns on magnetite iron targets as well as generate nickel, gold & uranium drilling targets”.

Yours faithfully

Peter Rutledge
Company Secretary

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