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# ASX RELEASE

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**Large Diversified  
Exploration Portfolio In  
Western Australia**

Website

[www.desertenergy.com.au](http://www.desertenergy.com.au)

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## EXPLORATION UPDATE

### CAMEL HILLS JOINT VENTURE, WESTERN AUSTRALIA

#### Highlights

- Discovery of new ultramafic complex with Copper-Nickel anomalism determined from reconnaissance prospecting & rock chip sampling
- Identification of two sub-parallel shear zones prospective for gold mineralization
- Mapping and sampling commenced on magnetite-quartzite horizons to delineate potential drill targets

Desert Energy Limited (Desert) is pleased to announce that fieldwork has commenced at the Camel Hills Joint Venture Project in the southern Gascoyne Region of central Western Australia, where it is earning an initial 51% interest. Initial prospecting has already identified a previously unknown ultramafic complex with copper-nickel potential, shear zones with gold anomalies and is evaluating magnetite-quartzite horizons for iron-ore potential.

The Camel Hills Project covers part of the northwest margin of the Archaean Yilgarn Block and adjacent Errabiddy Shear Zone (Figure 1). Previous exploration has been limited to reconnaissance sampling for magnetite-iron, gold and copper-nickel which has yielded numerous anomalies and targets for follow-up and possible drill-testing (Figure 2).

#### Copper-Nickel Targets

Prospecting and rock-chip sampling by Desert's geological team in the southwest of the project area has discovered a previously unknown ultramafic complex, the Far West prospect, cropping out intermittently over an area of 9km<sup>2</sup>, (Figure 3) with surface rock-chip samples up to maximum values of 5.2% Cr, 4260ppm Ni, 818ppm Cu and 1920ppm Zn, with anomalous Pt and Pd (29ppb and 14ppb respectively). Follow-up soil sampling is in progress.

A discrete airborne-magnetic high located only 9km to the east in an area of alluvial cover, suggests the presence of a second complex (Figure 3).

Eight other similar airborne-magnetic anomalies and mapped ultramafic bodies occur within the Camel Hills project; none of which are known to have been drill tested. The program of prospecting and rock-chip sampling, with follow-up soil sampling, is continuing. Drill testing of identified mineralisation is then planned.

The historic Byro East Cu-Ni prospect lies 7km south of Far West, outside the Camel Hills Project. Reported drilling results are 13.7m at 1.2% Ni, and 67m at 0.7% Cu, 0.3% Ni, from the weathered (saprolite) zone.

### **Gold Targets**

The northern part of the Camel Hills Project covers over 80km of strike of the Errabiddy Shear Zone (Figure 2), a major ENE trending shear zone and gneiss belt which marks the collision zone between the Yilgarn Craton and the Gascoyne Metamorphic Complex to the north. Previous explorers had identified discrete gold anomalies in streams throughout the project area, with only limited follow-up.

Desert has commenced prospecting and sampling in the west, moving east, and has already identified two sub-parallel prominent high-strain (shear) zones in the gneissic terrane. The target is gold mineralisation similar to the multi-million ounce Tropicana deposit which sits in a similar geological setting on the eastern edge of the Yilgarn Craton (Figure 1).

### **Magnetite Iron Ore**

The southern part of the Camel Hills Project contains numerous magnetite-quartzite horizons which are considered to be metamorphosed banded iron formation. Previous reconnaissance sampling by Aurora Minerals identified Fe values over 40%, and initial metallurgical testwork determined that a ~70% Fe product with low impurities was possible.

Desert has commenced mapping and sampling of the magnetite-quartzite horizons to determine extent and thickness with the aim of identifying drill targets

### **Background on Camel Hills Joint Venture**

Under the joint venture Desert can earn a 51% interest by sole funding the first \$3.8 million of exploration expenditure within a maximum of 4 years of which \$1.5m must be spent in the first year. Desert can elect to continue sole funding to earn an additional 19% interest in the project, for a total 70% interest. Background on the transaction is also discussed in the Notice of Meeting dated 11 May 2010.

Martin Pyle  
Executive Director

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](http://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 website at [www.asx.com.au](http://www.asx.com.au)*

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

Figure 1: Camel Hills Project Area

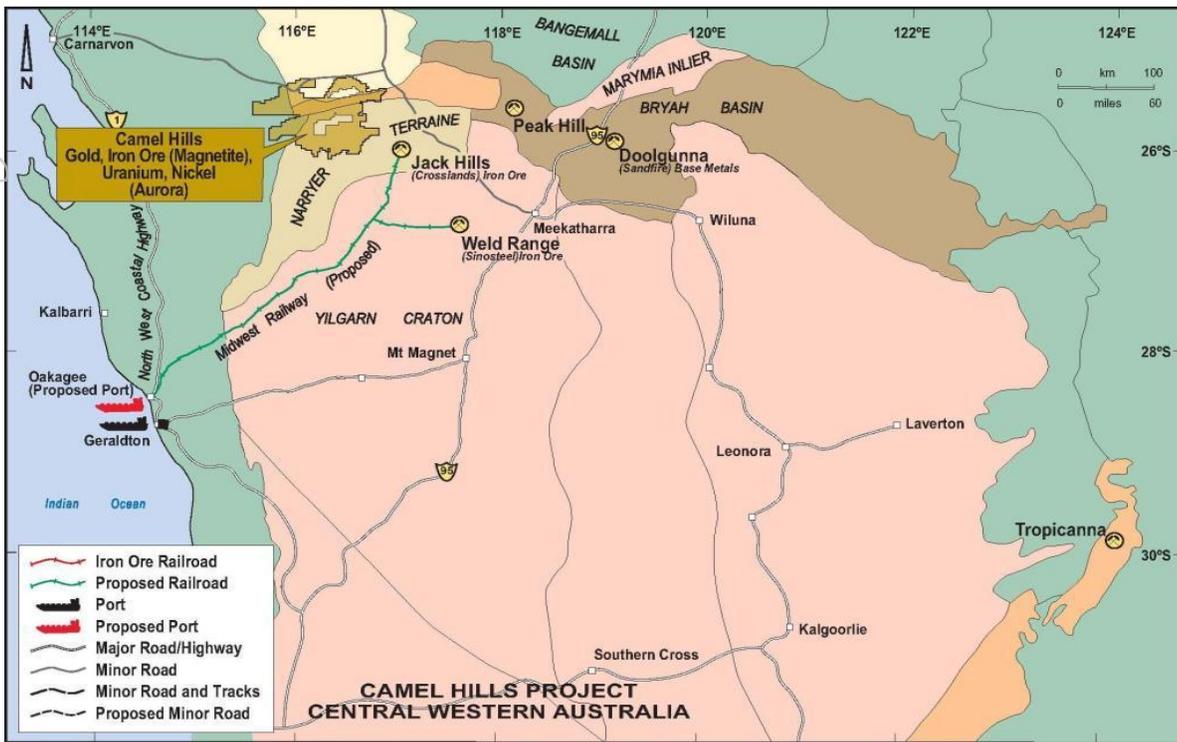


Figure 2: Camel Hills Project Tenement Map and Prospecting Targets Overview

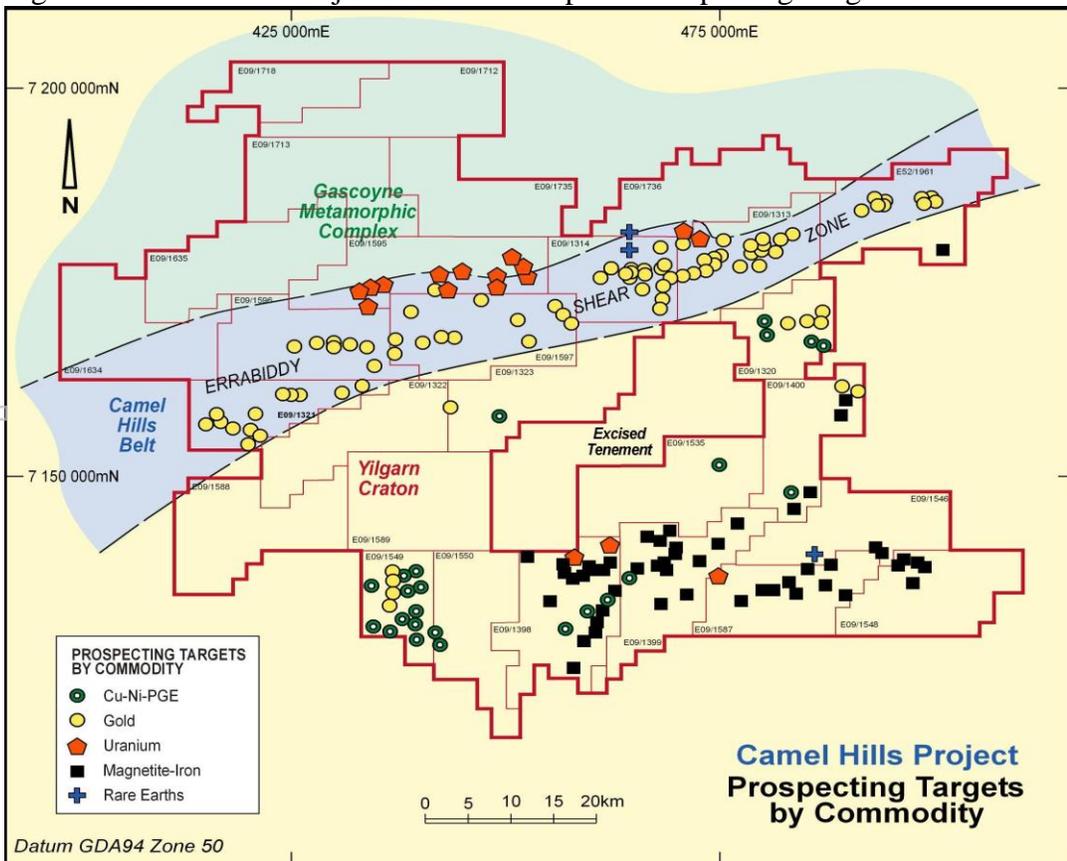
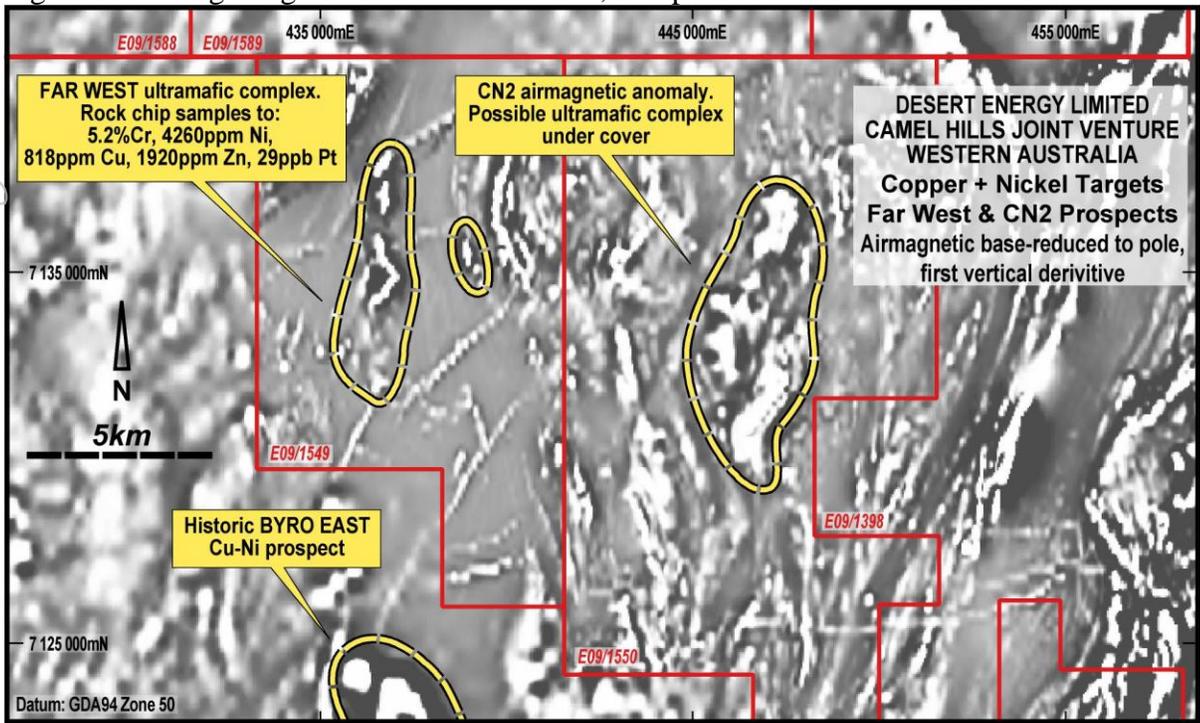


Figure 3: Airmag image of FarWest ultramafic, SW portion of Camel Hills tenements



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