

ABN: 56 123 102 974

# ASX RELEASE

25 July 2011

## Large Diversified Exploration Portfolio In Western Australia

Substantial Shareholder  
Aurora Minerals Limited  
40%

Website

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

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## QUARTERLY ACTIVITIES REPORT ENDING 30 JUNE 2011

### Camel Hills Joint Venture, Western Australia

- 3,352m RC drilling program commenced in June 2011 testing iron ore and VTEM targets (base metals and gold)
- Airborne VTEM Survey generates several targets for drilling
- Ground-based Gravity Survey generates targets for drilling along strike from magnetite (iron ore) targets
- Dalgetty Copper - new Copper/Gold target prospected and sampled

### Corporate

- Desert's cash position is ~\$3.3 million

### Camel Hills Joint Venture (Desert earning an initial 51%)

Camel Hills is a large project covering some 5000km<sup>2</sup> in the southern Gascoyne Region of Western Australia. The Project covers part of the north-western margin of the Archean Yilgarn Craton and adjacent Proterozoic Errabiddy Shear Zone. Desert is earning into an initial 51% interest in the project from Aurora Minerals Limited.

### Iron Ore

Drilling commenced on new iron ore targets in June 2011. The targets were generated from detailed aero-magnetic survey, prospect scale mapping and sampling, and ground based magnetic and gravity surveys. Twenty-ones holes were drilled in the current program which was completed in July 2011; the targets are shown in Figure 1.

### Copper-Nickel Exploration Program

A VTEM airborne geophysical survey over three areas in the southern part of the joint venture was completed during the quarter. Several "bulls-eye" anomalies were identified at the Innouendy Prospect. Four RC drill holes were targeted to test these anomalies. The target was massive copper-nickel sulphides associated within small mafic to ultramafic intrusives.

## **Iron Ore Drilling Discussion**

Based on visual logging, variable widths of magnetite iron mineralisation in BIF units were recorded in a number of holes. The widest reported down-hole intercept of some 50m from 56m down-hole was recorded at the T20 Prospect (Hole BCT20RC007). The nearest hole to this zone (Hole BCT20RC006) is located ~1km to the northeast and also recorded 31m of magnetite iron in BIF from 43m downhole. However the majority of holes recorded magnetite iron mineralisation of narrower widths, between a few metres to several tens of metres. Assays have been submitted to the laboratory for analysis..

## **Copper/Nickel/Gold Drilling Discussion**

At prospect T10, originally a magnetite iron target, ultramafic rocks were encountered with minor sulphides (mostly pyrite) noted in RC drill chip logging. Hole BCT10RC006 encountered 77m of anomalous pyrite (up to 5%) from 63m down-hole and a further 4 holes drilled on the same line encountered anomalous sulphide minerals.

At the Innouendy Prospect two “bulls-eye” targets were defined from interpretation of the airborne VTEM survey completed during the quarter. Both targets were drilled subsequent to the end of the quarter with up to 5% sulphide (mostly pyrite) logged in hole INRC004 over a 31m interval from 107m downhole.

Samples from the above holes have been submitted for assay for base metals and gold.

## **Field Mapping and Prospecting Program**

Field mapping and prospecting resumed during the quarter along the Errabiddy Shear zone which trends approximately NE-SW over some 80km through the northern half of the Camel Hills Project area.

## **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. A number of copper occurrences and a portion of the prospective Mt James Formation also occur on the tenement.

Gascoyne Resources has a significant gold resource directly southwest of the Dalgety Tenement. The gold occurs in ferruginous quartz filled shears.. These zones appear to be represented on the magnetic images as distinct highs, running off the Deadman Fault. There are three or four similar features on E09/1718 and all contain quartz veins with sulphidic quartz veins and/or are associated alluvial gold workings, all of which were rock chip sampled during the quarter (assays pending).

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

## **Main Grid**

Follow-up prospecting and mapping at the Main Grid Prospect where previous prospecting by Desert Energy has defined a coherent 500m long gold-in-soil anomaly with localised rock chip samples to 2.8g/t Au is continuing with a view to extending the anomaly before drilling.

Infill sampling in May 2011 outlined several low level gold anomalies to the west and north-west of Main Grid which were followed up with detailed rock and stream sediment sampling during June.

The best stream sediment sample of 44ppm Au (about 1km west of Main Grid), was ground checked and appears to be derived from banded calc silicates with bedding parallel quartz veins, similar to Main Grid, and is situated at the same stratigraphic position, but the area is largely concealed with scree. Several small creeks draining the same stratigraphic position were stream sediment sampled.

Two kilometers further west along strike is a geologically structurally complex area with abundant irregular quartz veining and ferruginous outcrops, and has returned a rock chip sample of 138ppb Au and an associated BLEG of 2ppb Au. This area is in the same stratigraphic position as Main Grid but is directly adjacent to the main shear zone that transects the project which has probably structurally disrupted the stratigraphy. The area has now undergone detailed stream sediment and rock chip sampling. The zone between these two areas has returned some low level BLEG anomalies and has been prospected and stream sediment sampled in some detail.

The best rock chip sample of 496ppb Au from a quartz vein is situated in the same area, about 700m north-west of the 44ppb Au stream sediment sample. The area is probably a northern splay off the main shear with numerous quartz veins in quartz sericite schist with some pyrite casts. This zone was rock chip sampled in detail with results pending.

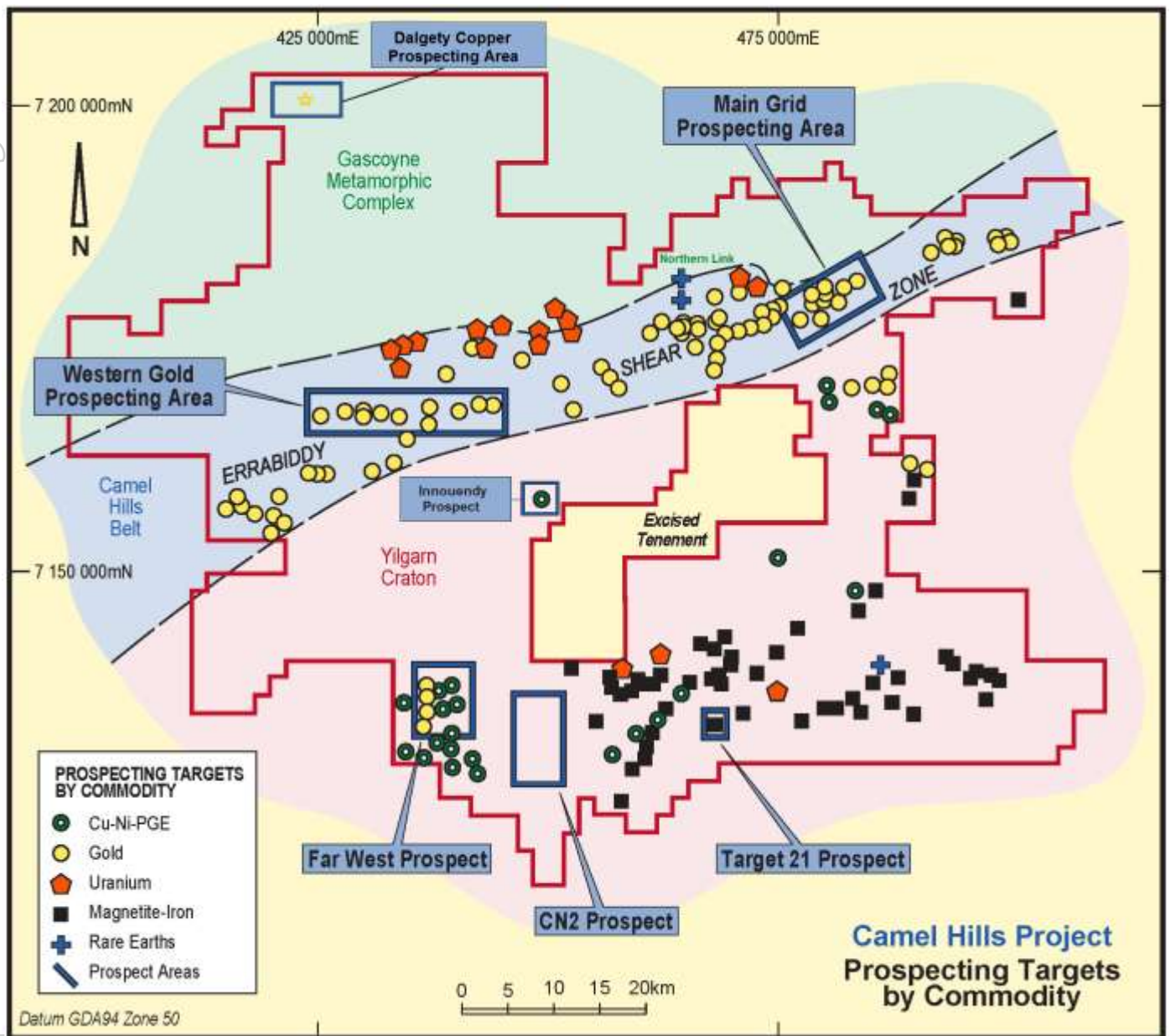
*Note: BLEG is Bulk Leach Extractable Gold analysis of stream sediment samples; results > 1ppb are considered anomalous in the Camel Hills area.*

## **Northern Link**

The Northern Link is an interpreted suture zone between the Gascoyne Province and the Yilgarn Block and as such is a target for REE, uranium and gold mineralisation. There are several significant REE anomalies reported in GSWA stream samples.

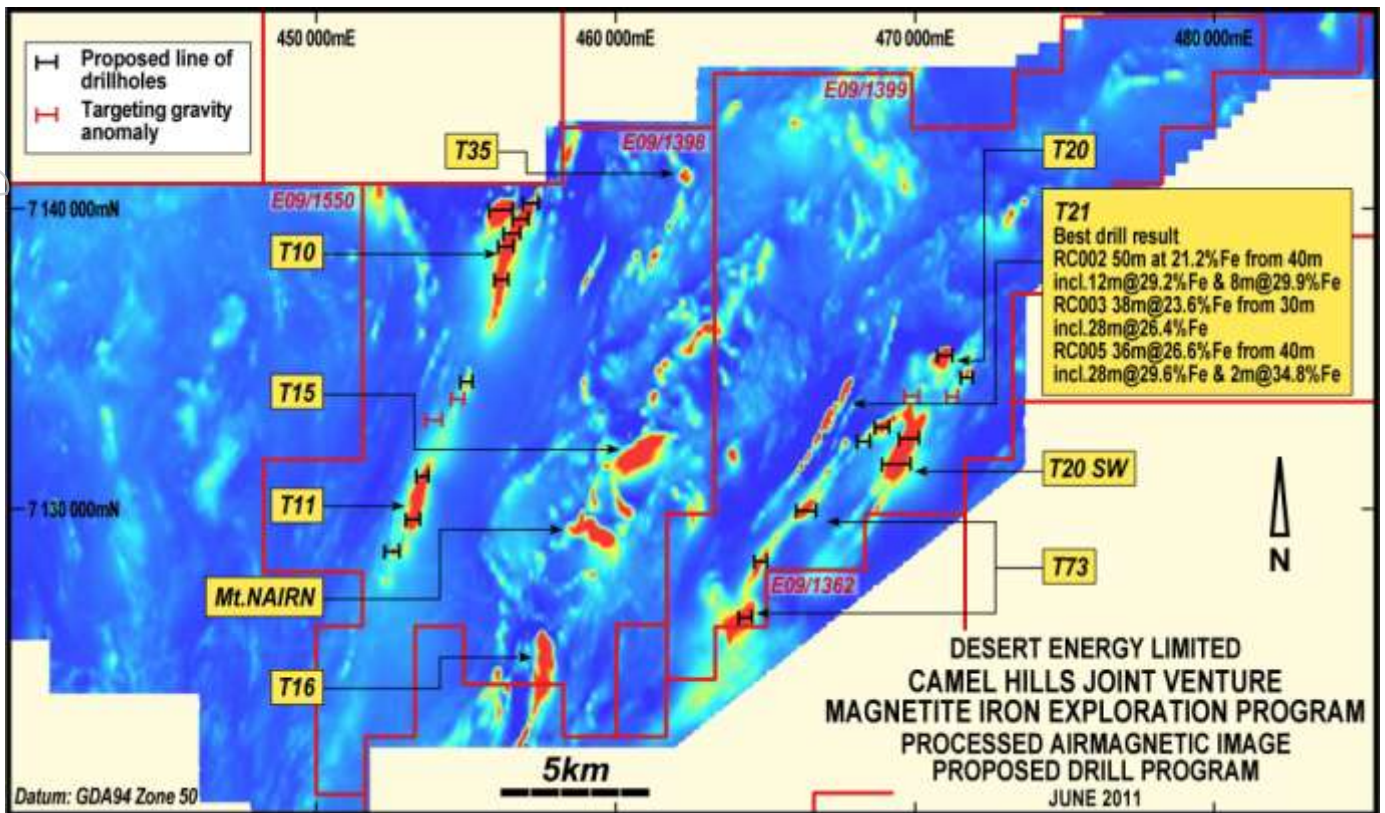
On the western end a GSWA stream sediment sample of 1371ppm Ce and 688ppm La was followed up with several BLEG samples, one of which returned 725ppm Ce and 387ppm La, 291ppm Nd and 50ppm Sm. Stream sediment samples were collected to follow up the anomaly and will also be analysed for base metals.

Figure 1: Camel Hills – Prospecting & Drilling Targets



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



## BACKGROUND ON THE 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.

## CORPORATE

As of 30 June 2011, Desert Energy had approximately \$3.3 million in cash.

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*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.*

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

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