



19 October 2011

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

Dear Sir/Madam

Please find attached the Notice of Meeting, Explanatory Memorandum and Proxy Form for the Annual General Meeting of the Company to be held on 23 November 2011.

Yours faithfully

Peter Rutledge
Company Secretary

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Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Desert Energy Limited will be held at the Company's office at 271 Great Eastern Highway, Belmont on Wednesday 23 November 2011 commencing at 11.30 am Western Standard Time to conduct the following business:

1. Financial Report

To receive the Financial Report and the reports of the Directors and Auditors for the year ended 30 June 2011.

2. Resolution 1 - Re-election of the Chairman, Mr Phillip Jackson, as a director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Phillip Jackson, a Director of the Company, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

3. Resolution 2 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following non-binding resolution as an ordinary resolution:

"To adopt the Remuneration Report for the year ended 30 June 2011 as disclosed in the 2011 Annual Report."

Note – the vote on this resolution is advisory only and does not bind the Directors of the Company.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution 2 by Key Management Personnel or their Closely Related Parties. The Key Management Personnel of the Company are set out in the Remuneration Report in the Annual Report of the Company.

However, the Company need not disregard a vote if it is cast by a member of the Key Management Personnel (or a Closely Related Party) as proxy for a person who is entitled to vote, in accordance with the directions on a written proxy form specifying how the proxy is to vote.

4. Resolution 3- Approve Change of Name

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That, for the purposes of section 157(1)(a) of the Corporations Act, and for all other purposes, the name of the Company be changed from Desert Energy Limited to Desert Mines and Metals Limited."

5. Resolution 4– Ratification of the Desert Energy Limited Share Placement made on 11 February 2011 and 23 February 2011

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That, pursuant to Rule 7.4 of the Listing Rules of the Australian Securities Exchange Limited and for all other purposes, the Company ratify and approve the allotment and issue of 4,899,998 of the fully paid ordinary shares in the capital of the Company made on 11 February 2011 and 23 February 2011 at an issue price of 11 cents each to the parties specified in, and on such terms and conditions referred to, in the Explanatory Memorandum accompanying this Notice of General Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution 4 by any person who participated in the issue and any associates of such persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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6. Resolution 5 – Approval for possible future placement of Shares

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"For the purposes of Rule 7.1 of the Listing Rules of the ASX and for all other purposes, that approval be given for the Directors, if they think fit, to issue of up to 25,000,000 ordinary fully paid Shares in the Company at an issue price that is at least 80% of the average market price for fully paid ordinary Shares in the Company and otherwise on such terms and conditions referred to in the Explanatory Memorandum accompanying this Notice of General Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution 5 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of such persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Explanatory Memorandum that accompanies and forms part of this Notice describes in more detail the matters to be considered.

PROXIES

A form of proxy is enclosed herewith. A member who is entitled to attend and vote at a meeting is entitled to appoint a proxy (and a member who is entitled to cast 2 or more votes may appoint not more than two proxies) to attend and vote at the meeting. A proxy need not be a member of the Company. Where a member appoints two proxies, the proportion of the member's voting rights given in favour of each proxy must be specified. Proxies must be received by the Company not later than 48 hours before the meeting. Proxies may be lodged by fax.

ENTITLEMENT TO VOTE

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares held as at 5.00 pm Perth time on 21st November 2011 will be entitled to attend and vote at the Annual General Meeting.

BY ORDER OF THE BOARD



P C RUTLEDGE
Company Secretary
18 October 2011

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Notice of Annual General Meeting

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders of Desert Energy Limited (“**Desert Energy**” or “**the Company**”) in connection with the business to be conducted at the Annual General Meeting of Shareholders to be held at 271 Great Eastern Highway, Belmont on Wednesday 23 November 2011 (“the Meeting”) commencing at 11.30 am Western Standard Time.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting (“**the Notice**”).

The following matters should be noted in respect of the resolutions in the Notice:

1. Financial Report

Appropriate time will be devoted to the consideration of the Financial Report of the Company for the year ended 30 June 2011 and the Directors' and Auditors' reports thereon.

A printed hard copy of the Annual Report which includes the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2011, has been sent to all Shareholders who requested it. The Annual Report is available on the Company's website at www.desertenergy.com.au

2. Resolution 1- Re-election of Mr Phillip Jackson as a Director

Clause 11.3 of the Company's Constitution provides that directors must retire at least once every three years on a rotational basis between themselves, and may submit themselves for re-election.

Mr Phillip Jackson, who has been a director of the Company since its incorporation, will retire by rotation at this Annual General Meeting pursuant to Clause 11.3 of the Company's Constitution and, being eligible for re-election, offers himself for re-election as a director of the Company.

Details regarding Mr Phillip Jackson are set out in the Company's 2011 Annual Report.

3. Resolution 2 – Approval of Remuneration Report

In accordance with section 250R(2) of the Corporations Act 2001 the Company presents to shareholders for their consideration and adoption by way of non-binding resolution the Company's Remuneration Report as disclosed in the Directors' Report in the Company's 2011 Annual Report.

The Remuneration Report includes all of the information required by section 300A of the Corporations Act, including:

- (a) board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of the key management personnel of the Company;
- (b) discussion of the relationship between such policy and the Company's performance; and
- (c) the prescribed details in relation to the remuneration of each director and certain executives.

Under the Corporations Act 2001, if 25% or more of the votes that are cast are voted against the adoption of the remuneration report at two consecutive Annual General Meetings (AGM), shareholders will be required to vote at the second of those AGM's on a resolution (“a spill resolution”) that another shareholders' meeting be held within 90 days at which all of the Company's directors (other than the managing director and CEO) must go up for re-election.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

IMPORTANT NOTE FOR SHAREHOLDERS APPOINTING A PROXY FOR THE MEETING – The form of proxy accompanying the notice of meeting specifies that if you appoint the Chair of the meeting as your proxy and do not specifically instruct him how to vote but do tick the box on the proxy form below the table and to the left of Resolution 2 authorizing and directing the Chair of the meeting to cast your vote on Resolution 2 the Chair of the meeting will cast your vote in favour of this Resolution 2.

Accordingly, if the Chair of the meeting is appointed as your proxy and you **do not** wish the him to cast your vote in favour of Resolution 2, **you will need to tick the “Against” or “Abstain” box next to Resolution 2 in the voting instructions section on the proxy form or alternatively you must not mark the box to the left of Resolution 2 in the Proxy Form..**

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4. Resolution 3- Approve Change of Name

When the Company was incorporated in 2007, its main focus was on exploration for uranium. Since that time, and following an extensive uranium exploration program, the Company has diversified into exploration for other minerals and metals and reduced its uranium exploration activities. As a result, the Board considers that the name Desert Energy Limited is no longer appropriate, and therefore recommends that Desert Mines and Metals Limited is a name which is more appropriate for the Company. The change of name is subject to approval by the Australian Securities and Investments Commission ("ASIC"), and will be effective on the date that ASIC alters details of the Company's registration.

This change will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

5. Resolution 4- Ratification of the Desert Energy Limited Share Placement made on 11th and 23rd February 2011

In February 2011, the Company made a placement ("**Placement**") of 19,899,998 Shares at an issue price of 11 cents each thereby raising \$2,189,000 for the Company (before expenses).

At the Annual General Meeting of the Company held on 24 November 2010, approval was granted by shareholders for the purposes of Rules 7.1 and 7.3 of the Listing Rules of the Australian Securities Exchange for the Company to issue up to 15,000,000 Shares at an issue price that was at least 80% of the average market for fully paid ordinary Shares in the Company. On 11 February and 23 February 2011, a total of 19,899,998 fully paid ordinary Shares were issued to institutional, sophisticated and other investors ("**Placement**"). Shareholder approval had already been given under Listing Rule 7.1 for 15,000,000 Shares issued pursuant to the Placement. However, shareholder ratification of the Placement is sought for the issue of 4,899,998 Shares issued, pursuant to Listing Rule 7.4 so as to reinstate the ability of the Company to place up to 15% of the issued capital of the Company during the next twelve months without obtaining prior shareholder approval.

Additional Information regarding the Placement

The following additional information in relation to the Placement is provided to shareholders pursuant to Listing Rules 7.3 and 7.5:

- (a) the number of Shares issued under the Placement was 19,899,998 (shareholders had already approved the issue of 15,000,000 of such Shares such that shareholder approval or ratification is now only sought in relation the balance of 4,899,998 Shares);
- (b) the Shares were issued for an issue price of 11 cents each;
- (d) the Placement was made to clients of Patersons Securities who were the primary brokers for the issue and to clients of other participating brokers;
- (e) the Shares are fully paid ordinary shares ranking pari passu in all respects with all other fully paid ordinary shares in the Company on issue;
- (f) the intended purpose of the Placement was to raise funds for the advancement of the Company's large gold, iron ore and base metal exploration projects, and to enhance the Company's business development strategies and for working capital.

Use of Funds	Amount
Advancement of the Company's Western Australian Projects (inc. the Camel Hills JVA) , and enhancement of the Company's business development strategies and for general working capital	\$2,079,550
Brokerage in respect of the Issue	\$109,450
TOTAL	\$2,189,000

Allocation of funds may be adjusted depending upon the success and ongoing review of the Company's exploration and other activities.

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All of the Directors recommend that Shareholders vote in favour of this Resolution as it allows the Company to retain the flexibility to take advantage of commercially appropriate opportunities, through the issue of further equity securities representing up to 15% of the Company's share capital during the next 12 months without the need to first seek shareholder approval under Listing Rule 7.1 of the Listing Rules of the ASX (in addition to any shares the Company may be entitled to issue without shareholder approval in accordance with resolution 5 if passed by shareholders).

6. Resolution 5– Approval for possible future placement of Shares

6.1 Background

The Company seeks prior Shareholder approval under Listing Rule 7.1 for the issue of up to 25,000,000 Shares (**Future Placement**), at an issue price that is at least 80% of the average market price of the Company's Shares over the last 5 days on which sales of the Company's Shares are recorded before the date of issue of the Shares for the purposes of the ASX Listing Rules (or if a prospectus or other information statement is issued in relation to the Placement, before the date of signing of that document). "Market price" means the closing price for the Shares on ITS (excluding special crossings, overnight sales and exchange traded option exercises) on the relevant five trading days.

The Directors believe that Resolution 5 is in the best interests of the Company giving it the strategic capability and flexibility it may require to take advantage of opportunities as they may arise from time to time and recommend that shareholders vote in favour of it.

6.2 Listing Rule 7.1 approval

Listing Rule 7.1 requires the Company to obtain Shareholder approval in order to have flexibility to issue Equity Securities representing more than 15% of the Company's Shares on issue (unless one of the exceptions in Listing Rule 7.2 applies). If not authorized by Shareholders in accordance with proposed resolution 5, the Company's proposed Future Placement, if it were to proceed, would reduce the Company's ability to issue new shares to such number of shares as represent 15% of its issued capital under listing rule 7.1 less the number of Future Placement Shares issued (unless one of the exceptions in Listing Rule 7.2 applies).

Shareholder approval of the Placement is therefore sought pursuant to Listing Rule 7.1 to enable the Company to issue the Placement Shares within 90 days of the meeting while also retaining the ability to issue up to 15% of the issued capital of the Company (in addition to the Future Placement) during the next twelve months without obtaining prior Shareholder approval.

In accordance with Listing Rule 7.3, the following information is provided in relation to the proposed Future Placement:

- (a) **The maximum number of securities the entity is to issue (if known) or the formula for calculating the number of securities the entity is to issue**

25,000,000 Shares (**Placement Shares**).

- (b) **The date by which the entity will issue the securities (which must be no later than 3 months after the date of the meeting)**

It is anticipated that, subject to Shareholder approval, the Placement Shares will be issued on one date and in any event no later than 90 days after the date of the Annual General Meeting (or by such later date as the ASX may allow).

- (c) **The issue price of the securities**

The issue price must be a price that is at least 80% of the average market price of the Company's fully paid ordinary shares over the last 5 days on which sales of the Company's shares are recorded before the day of issue of the Shares for the purposes of the ASX Listing Rules (or if a prospectus or other information statement is issued in relation to the issue before the date of signing of that document).

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- (d) **The names of the allottees (if known) or the basis upon which the allottees will be identified or selected**

The identities of the proposed allottees in respect of the Future Placement are not currently known and have not been ascertained. It is expected that the Placement Shares, if the Future Placement proceeds, will be allotted to the clients of the Company's Australian and international brokers, potentially to shareholders and may include new overseas investors. None of the allottees will be related parties of the Company.

- (e) **The terms of the securities**

The Placement Shares will comprise fully paid ordinary Shares of the Company ranking equally with all other ordinary Shares of the Company.

- (f) **The intended use of the funds raised**

The funds raised by the issue of Placement Shares will be used for the advancement of the Company's large base metal, gold and iron exploration projects, to enhance the Company's business development strategies and to provide working capital.

- (g) **The dates of allotment or a statement that allotment will occur progressively**

See paragraph 6.2(b).

- (h) **A voting exclusion statement**

A voting exclusion statement for Resolution 5 is included in the Notice of Meeting.

- (i) **In the case of an agreement for the allotment of securities which is part of a public offer, a voting exclusion statement in relation to a party to the agreement, and an adequate summary of the agreement**

Not applicable.

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Glossary

In this Explanatory Memorandum, the following terms have the following meanings unless the context otherwise requires:

ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and where the context permits, the Australian Securities Exchange operated by ASX Limited.
ASX Listing Rules or Listing Rules	The Listing Rules of the ASX.
Board	The Board of Directors of the Company.
Closely Related Party	Means in relation to a member of the Key Management Personnel: <ul style="list-style-type: none">(a) A spouse or child of the member;(b) A child of the members spouse;(c) Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;(d) A company the member controls; or(e) A person prescribed by the Corporations Regulations
Company or Desert	Desert Energy Limited ABN 56 123 102 974.
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of the Company.
Equity Securities	Has the same meaning as in the Listing Rules.
Explanatory Memorandum	The Explanatory Memorandum to this Notice of Meeting.
Future Placement	Means a possible future placement of up to 25,000,000 Shares.
Key Management Personnel	Has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or non executive) of the Company.
Market price	The closing price on ITS excluding special crossings, overnight sales and exchange traded option exercises.
Meeting	The Annual General Meeting of the Company to be held on 23 November 2011.
Placement	The placement made on 11 th and 23 rd February 2011, and subject of Resolution 5 of the Notice as defined in paragraph 6.1.
Placement Shares	As defined in paragraph 6.2(a).
Resolution	A resolution contained in this Notice of Meeting.
Shareholders	Holders of Shares.
Shares	Fully paid ordinary shares in the capital of the Company.

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Belmont WA 6104
PO Box 707
Belmont WA 6984

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Facsimile: 61 (8) 6162 9079
Email: info@desertenergy.com.au
Website: www.desertenergy.com.au

Proxy Form

I/we.....(full name, block letters)

of.....
being a member of Desert Energy Limited hereby appoint

or, failing him, the Chair of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11.30 am on 23 November 2011 and at any adjournment thereof.

CHAIR'S VOTING INTENTIONS AS PROXY HOLDER

Resolutions 1 and 3: The Chair of the meeting will vote undirected proxies FOR the resolutions to which they apply;
Resolutions 4 and 5: The Chair of the meeting will vote undirected proxies FOR the resolutions to which they apply only if the box to the left of Resolutions 4 and 5 in the additional instructions under the table below is marked - otherwise undirected proxies will NOT be voted.
Resolution 2: where no voting instructions are given below but the box to the left of Resolution 2 in the additional instructions under the table below is marked, then you will be authorizing and directing the Chair to vote in favour of Resolution 2. PLEASE NOTE THAT IF YOU MARK THE BOX TO THE LEFT OF RESOLUTION 2 YOU WILL BE AUTHORISING AND DIRECTING THE CHAIR TO VOTE IN FAVOUR OF RESOLUTION 2 AND IN THAT INSTANCE THE CHAIR'S INTENTION IS TO VOTE IN FAVOUR OF RESOLUTION 2.

I/we direct my/our proxy to vote in the following manner:

ORDINARY AND SPECIAL BUSINESS- VOTING INSTRUCTIONS

Table with 5 columns: Resolution, Description, For, Against, Abstain. Rows include Resolution 1 (re-elect Mr Phillip Jackson), Resolution 2 (Remuneration Report), Resolution 3 (Change of Name), Resolution 4 (Share Placement), and Resolution 5 (Future Placement of shares).

Additional Instructions:

Resolutions 4 and 5: Where the Chair of the meeting is my/our proxy and I/we have not given him voting directions above in relation to these resolutions, I/we acknowledge that, by marking this box, the Chair of the meeting may exercise my/our proxy even if the Chair of the meeting has an interest in the outcome of Resolutions 4 and 5 and that votes cast by him for those resolutions, other than as proxy holder, will be disregarded because of that interest.
Where I/we do not mark this box, and I/we have not directed my/our proxy how to vote, I/we understand that the Chair will not cast my/our votes on these Resolutions and my/our votes will not be counted in calculating the required majority if a poll is called on the resolutions.

Resolution 2: Where the Chair of the meeting is my/our proxy and I/we have not given him voting instructions above in relation to Resolution 2, I/we acknowledge that, by marking this box, I/we authorize and direct the Chair of the meeting to exercise my/our proxy to vote in favour of Resolution 2 even though Resolution 2 is connected with the Remuneration Report and the Chair may otherwise be ineligible to vote on Resolution 2.
Where I/we do not mark this box, and I/we have not otherwise directed my/our proxy how to vote in relation to Resolution 2, I/we understand that the Chair will not cast my/our votes on Resolution 2 and my/our votes will not be counted in calculating the required majority if a poll is called on the resolutions.

This Proxy is appointed to represent _____% of my voting right,
or if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my total votes
My total voting right is _____ shares

If the shareholder(s) is an individual(s), every shareholder is to sign:
If the shareholder is a company, sign in accordance with Section 127(1) of Corporations Act or affix common seal (if required by Constitution).

Signed: _____ Director or Sole Director and Secretary Director / Secretary

Dated: _____ 2011 Dated: _____ 2011

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Instructions for completing and lodging this Proxy Form

1. A shareholder who is entitled to attend and vote at a meeting is entitled to appoint a proxy (and a shareholder who is entitled to cast two or more votes may appoint not more than two proxies) to attend and vote at the meeting.
2. Where two proxies are appointed each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. Where two proxies for a shareholder are present at the meeting, neither proxy shall be entitled to vote on a show of hands, and on a poll the appointment shall be of no effect, unless each proxy is appointed to represent a specified proportion of the shareholder's voting rights, not exceeding 100% in aggregate.
3. A proxy need not himself be a shareholder of the Company.
4. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or in accordance with section 127 of the Corporations Act or by its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
5. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the company, must accompany the proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
 - (c) if the proxy is Chairman, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in anyway that the proxy sees fit.

7. The Proxy Form (and any power of attorney or other authority pursuant to which the Proxy Form has been signed) must:
either be deposited at the registered office of the Company, 271 Great Eastern Highway, Belmont
or be sent by post to Desert Energy Limited, PO Box 707, Belmont, WA 6984,
or be sent by facsimile to Desert Energy Limited at (08) 6162 9079
so as to be received not later than 48 hours before the time fixed for the holding of the meeting
- that is to be received by 11.30 am Western Standard Time on 21st November 2011.

Change of Address

Should your address have changed please use this section to advise the Company and, if faxing your proxy form, please fax this side of the proxy form as well.

My new address is:

My email address is: _____

My phone number is: _____

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