



22 October 2010

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 24 November 2010.

Yours faithfully

Peter Rutledge
Company Secretary

For personal use only

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 24 November 2010 commencing at 11.00 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 2010.

2. Resolution 1- Election of Mr Martin Pyle as a director of the Company

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

"To elect as a Director of the Company, Mr Martin Pyle, who was appointed as a Director by a resolution of the Directors effective 7 May 2010 and whose appointment as a Director ceases at this meeting pursuant to clause 11.12 of the Company's Constitution and Listing Rule 14.4, and, being eligible, offers himself for election"

3. Resolution 2 - Re-election of Dr Robert Taylor as a director

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

"That Dr Robert Taylor, 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."

4. Resolution 3 – 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 2010 as disclosed in the 2010 Annual Report."

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

5. Resolution 4- Approval of Employee Option Plan

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

"That approval be given for all securities to be issued under the Desert Employee Option Plan (as described in the accompanying explanatory memorandum) to be issued pursuant to Listing Rule 7.2 Exception 9 as an exception to Listing Rule 7.1."

Voting Exclusion

The Company will disregard any votes cast on this resolution 4 by:

- (a) a director of the Company (except one who is ineligible to participate in any employee incentive plan in relation to the Company); or
- (b) an associate 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 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 15,000,000 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 forms 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 22 November 2010 will be entitled to attend and vote at the Annual General Meeting.

BY ORDER OF THE BOARD



P C RUTLEDGE
Company Secretary
13 October 2010

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 24 November 2010 (“the Meeting”) commencing at 11.00 pm 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 2010 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 2010, 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- Election of Mr Martin Pyle as a Director

Mr Martin Pyle was appointed as a Director by the Directors of the Company effective 7 May 2010. Under Listing Rule 14.4 and clause 11.12 of the Company's Constitution, a Director who is appointed by the Directors holds office until the next annual general meeting of the Company and is then eligible for re-election. Mr Pyle, being eligible, has offered himself for election as a Director of the Company. Mr Pyle was appointed as Managing Director on 14 July 2010.

Details regarding Mr Martin Pyle are set out in the Company's 2010 Annual Report.

3. Resolution 2 – Re-election of Dr Robert Taylor 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.

Dr Robert Taylor, 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 Dr Robert Taylor are set out in the Company's 2010 Annual Report.

4. Resolution 3 – 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 2010 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.

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

5. Resolution 4- Approval of Desert Employee Option Plan

ASX Listing Rule 7.1 provides a formula that limits the number of equity securities the Company may issue within any 12 month period without shareholder approval. The formula allows the Company to issue a maximum number of equity securities equal to 15% of its previously issued share capital, subject to various exceptions under Listing Rule 7.2.

One exception to this rule, Listing Rule 7.2, Exception 9, provides that issues under an employee incentive scheme are exempt from listing rule 7.1 for a period of three years if shareholders approve, as is proposed by Resolution 4, the issue of securities under the scheme as an exception to ASX Listing Rule 7.1. The Desert Energy Ltd Employee Option Plan is a plan established in October 2007 and was last approved by shareholders on 30 November 2007. As the three year period since shareholder approval will expire at the time of this Meeting, shareholder approval is required to renew approval of the issue of securities under the Plan under Listing Rule 7.2 Exception 9 for a further three years.

2,950,000 options have been issued under the Plan since the Plan was last approved by shareholders. Of these options, none have been exercised, and 427,500 have been cancelled.

Summary of the terms of the Plan

The main terms of the Plan may be summarised as follows:

- The Plan provides for the issue of options to Eligible Persons or their permitted nominees approved by the Board.
- The purpose of the Plan is to recognise the efforts of and provide incentives for Employees, Directors and Consultants and to attract persons of experience and ability and promote loyalty. The Plan seeks to provide Eligible Persons with the opportunity to acquire options and ultimately shares in the Company.
- There is a limit on the number of options which may be issued such that at any time the number of options on issue under the Plan or a previous plan when aggregated with shares issued in the previous 5 years under the Plan or a previous plan will not exceed 5% of the issued shares in the Company (assuming all options were exercised). The 5% limit does not apply to offers of options made outside Australia or made under section 708 of the Corporations Act or made under a disclosure document.
- Eligible Persons include directors, employees or consultants (whether full or part time) whether personally or through a company of the Company or of an associated body corporate.
- The Board will determine which Eligible Persons are to be offered options under the Plan having regard to a number of criterion including seniority, length of service, record of employment, existing participation in the Plan, potential contribution and other matters.
- The Board will determine how many options are to be offered in each instance and the terms.
- The Board will take into account the Market Value of the Company's shares in determining the exercise price for the options but the exercise may be higher than the Market Value (Market Value is defined as the weighted average closing sales price of the Company's shares over five trading days immediately prior to the day the Board resolves to offer an option or the last sale price if there has been no trading during those five days).
- The Board will determine the Expiry Date of options which must not exceed 5 years from the date of issue.
- Generally options may be exercised between the issue date and the Expiry Date subject to the satisfaction of any Exercise Conditions (being conditions imposed by the Board which must be satisfied before the options may be exercised). Even if Exercise Conditions have not been satisfied, provision is made for the exercise of options in the event of a takeover bid or if a court orders a meeting under section 411 of the Corporations Act in connection with a scheme for the reconstruction of the Company or its amalgamation with another company.

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- No consideration will be payable for the grant of an option unless the Board determines otherwise.
- The options will not be listed for quotation on the ASX and will not be transferable except with the written consent of the Board.
- Upon exercise of options, the Company will make application for quotation on ASX of shares issued pursuant to exercise of the options.
- Options not exercised by the Expiry Date will lapse.
- If the Eligible Person ceases to be an Eligible Person, then generally the options will lapse unless otherwise determined by the Board, although in some instances the Holder will have a limited period of time to exercise the options.
- If options are granted on the basis that the Holder or the Eligible Person who nominated the Holder must remain an Eligible Person for a minimum period, then if the Eligible Person ceases to be an Eligible Person during the minimum period, the options will lapse immediately unless the Board otherwise determines.
- If the Eligible Person ceases to be an Eligible Person after the minimum period then the options may only be exercised within 1 month or such longer period as the Board determines of the Eligible Person ceasing to be an Eligible Person.
- Specific provision is made for options to continue on foot until the Expiry Date where an Eligible Person ceases to be an Eligible Person by reason of retirement, death or total and permanent disablement.
- Participants in the Plan are not entitled to participate in any new issues of securities to existing holder of shares unless being entitled to do so they exercise their options prior to the record date for the new issue and therefore participate as a result of being holders of shares.
- In the event of a reorganization of capital, the options issued under the Plan may be changed by the Board to the extent necessary to comply with the Listing Rules at the time of the reorganization.
- The Board has discretionary powers in the administration of the Plan and subject to the Listing Rules the Board may alter the rules of the Plan. The Board cannot alter the restrictions on the aggregate number of options which may be issued under the Plan (see above) without the approval of shareholders. The Board cannot make changes to the Plan which adversely affect the rights of Participants in respect of options held by them except with the consent of participants holding 75% of such options.

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

6.1 Background

The purpose of this Resolution is to give the Company the opportunity, if it arises, to take advantage of any favourable market conditions in late 2010 or early 2011 to raise capital. The Company seeks prior Shareholder approval under Listing Rule 7.1 for the issue of up to 15,000,000 Shares (**Placement**), at a 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 (or if a prospectus or other disclosure 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 it may require to take advantage of market conditions and unanimously 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 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 Placement, if it were to proceed, would reduce the Company's ability to issue up to 15% of its issued capital under listing rule 7.1.

Shareholder approval of the Placement is therefore sought pursuant to Listing Rule 7.1 to preserve the ability of the Company to issue up to 15% of the issued capital of the Company (in addition to the 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 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**

15,000,000 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.

(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 (or if a prospectus or other disclosure statement is issued in relation to the issue before the date of signing of that document).

(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 Placement are not currently known and have not been ascertained. Listing Rule 7.3.4 permits a description of the basis upon which the allottees will be identified or selected. It is expected that the Placement Shares, if they proceed, 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.
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.
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 24 November 2010.
Placement	is defined in paragraph 6.1.
Placement Shares	is 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.

DESERT ENERGY LIMITED

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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

of.....
or, failing him, the Chairman 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 11.00 am on 24 November 2010 and at any adjournment thereof.

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

FOR AGAINST ABSTAIN

ORDINARY BUSINESS

		For	Against	Abstain
Resolution 1	To elect Mr Martin Pyle as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To re-elect Dr Robert Taylor as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To adopt the Remuneration Report as set out in the 2010 Annual Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	To approve Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	To approve possible future placement of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolutions 4 and 5

If no directions are given my/our proxy may vote as the proxy thinks fit or abstain.
If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of resolutions 4 and 5, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolutions and your votes will not be counted in calculating the required majority if a poll is called on the resolutions.

Chair's Intention Regarding Undirected Proxies

Where the Chairman is appointed as proxy, the Chairman's voting intention in relation to undirected proxies in respect of these resolutions is to vote **FOR** 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

Signed: _____

Director/Secretary

Dated: _____ 2010

Dated: _____ 2010

This form is to be used in accordance with the directions overleaf.

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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 11.00 am Western Standard Time on 22 November 2010.

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: _____