

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

DESERT ENERGY LIMITED

ACN

123 102 974

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | OPTIONS- 17 September 2014
OPTIONS- 17 May 2017 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 13,450,000 Options- 17 September 2014
8,000,000 Options- 17 May 2017 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Issue price- free
Exercise Price: 40 cents (1)
Exercise Price: 40 cents (2)
(1) 13,450,000 Options exercisable by 17 September 2014
(2) 8,000,000 Options exercisable by 17 May 2017.

Full Terms are attached in Annexures to this Appendix 3B |

+ See chapter 19 for defined terms.

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<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>These Options do not rank for voting and dividends, and are not listed.</p> <p>Each Option on exercise becomes a fully paid ordinary share which will be listed and will rank equally with other fully paid ordinary listed shares.</p>				
<p>5 Issue price or consideration</p>	<p>Issued free</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issue of 21,450,000 Options to 13 Consultants of the Company, including 8,000,000 Options to Directors, and 13,450,000 Options to 10 Consultants not related to the Company or the Directors, as an incentive component of their remuneration pursuant to a Notice of Meeting dated 4 May 2010. The Options are issued to the Consultants or their Consulting companies or their nominee.</p>				
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>17 June 2010</p>				
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1444 989 1478">Number</th> <th data-bbox="989 1444 1283 1478">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1478 989 1702">99,760,643</td> <td data-bbox="989 1478 1283 1702">Ordinary Shares</td> </tr> </tbody> </table>	Number	⁺ Class	99,760,643	Ordinary Shares
Number	⁺ Class				
99,760,643	Ordinary Shares				

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	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	7,464,420	Ordinary shares (ASX imposed escrow to 29 June 2010)
	3,700,000	Options- exercisable at 34.017 cents by 30 November 2010
	7,500,000	Options- exercisable at 34.017 cents by 31 October 2014
	2,000,000	Options- exercisable at 37.2 cents by 30 November 2010
	562,500	Options- exercisable at 31 cents by 30 November 2012
	500,000	Options- exercisable at 38 cents by 30 April 2011
	330,000	Options exercisable at 35 cents by 31 May 2013
	630,000	Options exercisable at 35 cents by 30 November 2012
	7,500,000	Options exercisable at 50 cents by 22 November 2015
	2,050,000	Options exercisable at 50 cents by 22 December 2011
	1,800,000	Options exercisable at 30 cents by 30 June 2013
	1,000,000	Options exercisable at 34 cents by 30 October 2013
	13,450,000	Options exercisable at 40 cents by 17 September 2014
8,000,000	Options exercisable at 40 cents by 17 May 2017	

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividend policy is currently in place since the Company is involved only in exploration
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Part 2 - Bonus issue or pro rata issue- N/A

11 Is security holder approval required?	N/A
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12 Is the issue renounceable or non-renounceable?	N/A
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13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A

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27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Despatch date	N/A

Part 3 - Quotation of securities

N/A

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

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- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:
 - the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
- 41 Reason for request for quotation now
Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

+ See chapter 19 for defined terms.

42 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 38)

Number	⁺ Class
N/A	

Quotation agreement- Not Applicable

~~1 Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.~~

~~2 We warrant the following to ASX.~~

- ~~• The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.~~

- ~~• There is no reason why those ⁺securities should not be granted ⁺quotation.~~

- ~~• An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.~~

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- ~~• Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.~~

- ~~• If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.~~

~~3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.~~

~~4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.~~

Sign here: Date: 18 June 2010
Company secretary

Print name: Peter Rutledge.....

⁺ See chapter 19 for defined terms.