



DESERT MINES AND METALS LIMITED

ABN 56 123 102 974

ASX

RELEASE

19 December 2012

Large Diversified Exploration Portfolio In Western Australia

Substantial Shareholder
Aurora Minerals Limited
40%

Website

www.desertminesandmetals.com

ASX Code
DSN

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CAMEL HILLS JOINT VENTURE EXPLORATION UPDATE

Innouendy Nickel / Copper Target

The first diamond core drill hole into the Innouendy Prospect, Gascoyne Province, Western Australia was successfully completed to a down-hole depth of 276m (Table 1, Figure 1-2).

The hole was targeting possible sulphide mineralisation associated with an interpreted ultramafic intrusive with supporting data including;

- Strong electromagnetic conductors ("EM")
- Favourable magnetic features
- Nickel & chrome soil anomaly
- Favourable lithology & structural setting

The principal lithologies intersected were (from collar) surficial alluvials, saprolite passing into a sequence of differentiated gneissic units. Between 171-200m down-hole an amphibole/magnetite/quartz unit (Figure 2) was intersected. Sulphide occurrences were rare; but handheld XRF readings indicate anomalous nickel and copper in minor blebs of sulphide. Sample intervals will be selected for half-coring and chemical assay analysis in the new year.

The hole has been cased and a down-hole EM (DHEM) survey completed. This identified a strong broad off-hole late-time response which modelling suggests is a steeply south dipping EM conductor with vertical extent to at least 200m below surface. Preliminary modelling of the DHEM data was undertaken by an independent geophysical consultant who also identified two additional conductors- an early-time weak on-hole response at 180m, coincident with logged magnetite and a further weak anomaly from 260m down-hole.

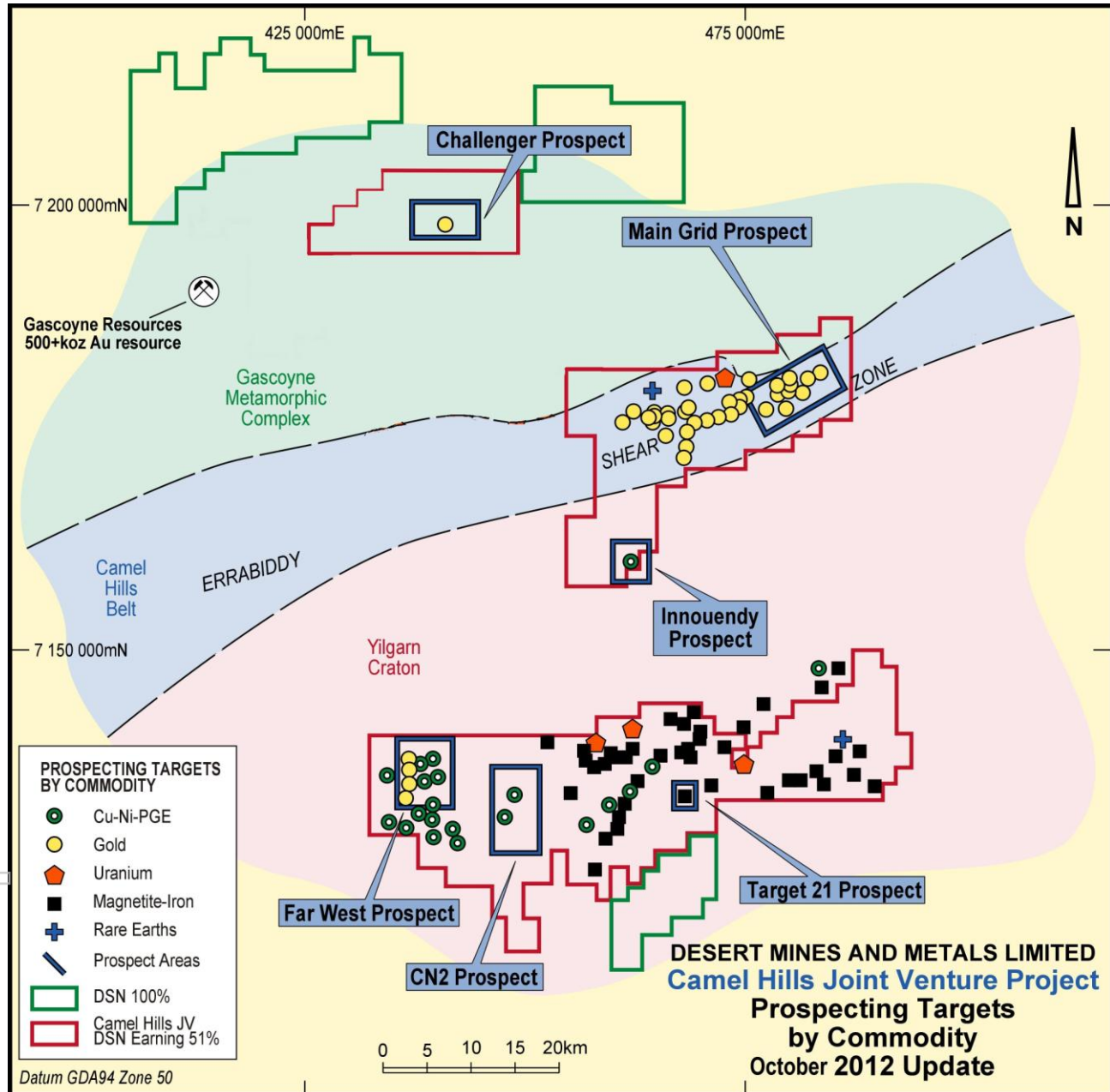
The consulting geophysicists have advised that the very strong off-hole conductor response is unlikely to have been caused by the magnetite lithologies which are far more extensive in ariel extent and volume than what is modelled from the discrete off-hole conductor. In addition, the strength of the conductive response is an order of magnitude higher than the in-hole conductor response which can be explained by the presence of magnetite.

Desert is encouraged by the preliminary DHEM modelling as it suggests an excellent target easily reached by drill testing to the north of hole IND001.

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Planning for follow up drilling to test the off-hole anomaly has commenced. An aboriginal heritage survey has been completed allowing additional drilling positions to target the off-hole anomaly.

Figure 1: Camel Hills – Prospecting & Drilling Targets

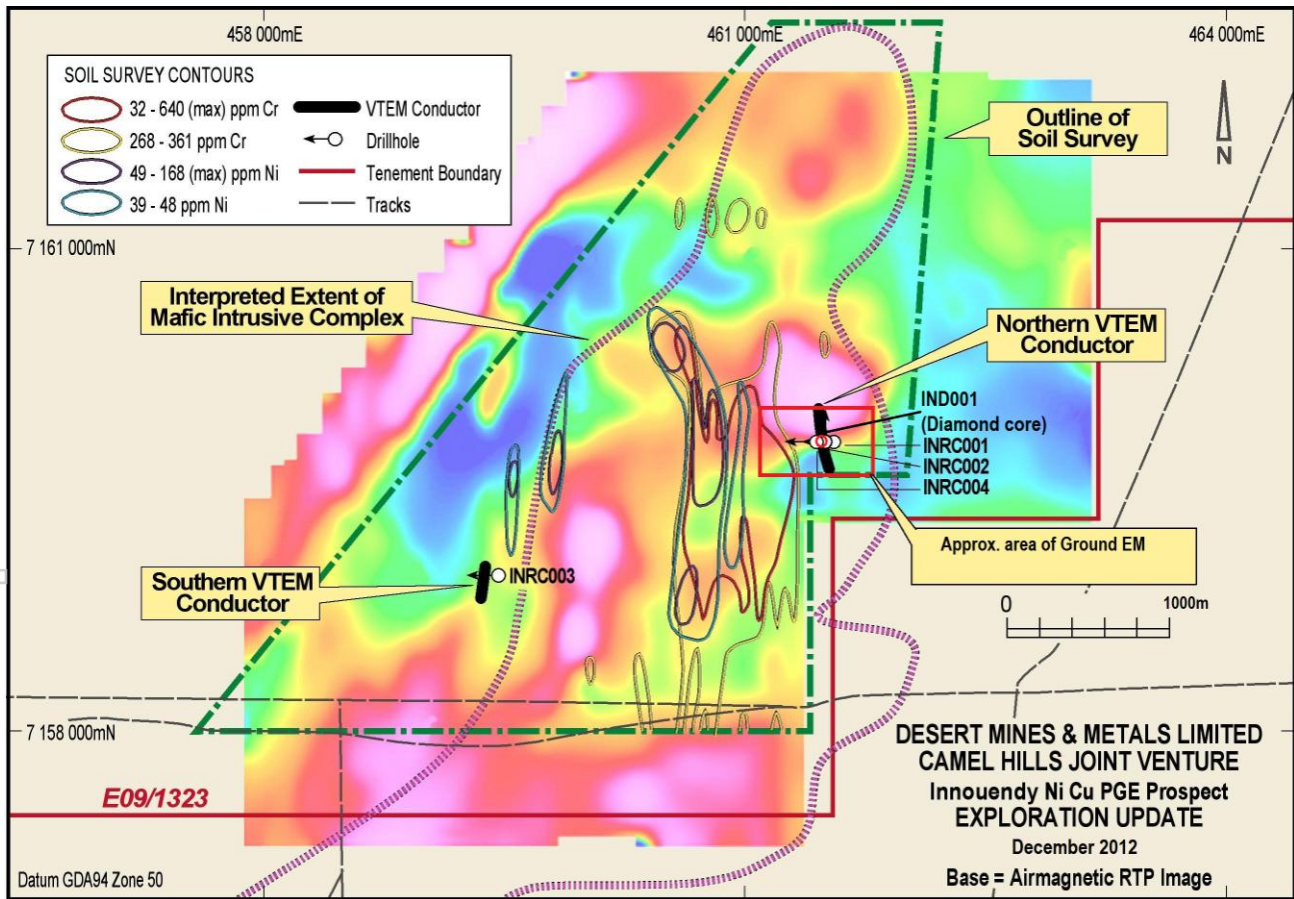


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Figure 2: Photograph of Diamond Core Hole IND001 –banded quartzite magnetite at ~192m downhole



Figure 3: Innouendy Prospect Location of Diamond Core Hole IND001.



Note the broad zones of high magnetic response (background image – pink) as opposed to the discrete EM conductor anomalies (black lines). The EM anomalies are in comparison relatively discrete and discordant to the magnetic anomalies and correlation between the two is poor.

Table 1: IND001 Drill Hole Co-ordinates

Hole ID	Northing	Easting	Azimuth	Dip	Total Depth
	MGA-N	MGA-E	Degrees	Degrees	m
IND001	7159803	461445	270	-70	276

Hole collar surveyed by Garmin GPS

Main Grid Gold Prospect

An aboriginal heritage survey over several prospects including Main Grid Gold Prospect has been completed. Preparations for a first pass recognisance RC drilling program to test this extensive gold-in-soil anomaly are being finalised.

BACKGROUND ON THE CAMEL HILLS JOINT VENTURE

Desert Mines and Metals has recently completed necessary expenditure to earn a 51% interest in the Camel Hills Project from Aurora Minerals Limited by sole funding the first \$3.4 million of exploration expenditure. The tenement package currently exceeds some 1,600km² deemed by the company's geologists as being prospective for gold, copper, nickel and iron ore.

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The information in this report 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 Desert Mines and Metals Limited, Robert Taylor is employed through his 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 is being undertaken 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 this report of the matters based on this information in the form and context in which it appears.

The Company's website (www.desertminesandmetals.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), 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.