



DESERT MINES AND METALS LIMITED

ABN 56 123 102 974

ASX RELEASE

28 September 2012

Large Diversified Exploration Portfolio In Western Australia

Substantial Shareholder
Aurora Minerals Limited
40%

Website

www.desertminesandmetals.com

ASX Code
DSN

For further information on this
release and the Company please
contact:

Martin Pyle
Executive Director
Phone
+618 6143 1840

INNOUENDY NICKEL COPPER TARGET STRONG CONDUCTOR IDENTIFIED FROM GROUND EM SURVEY

Highlights

- Preliminary interpretation of ground based EM data from the Innouendy Prospect has identified a strong anomaly that indicates a steeply dipping EM conductor.
- The ground based EM survey has refined the VTEM airborne anomaly, suggesting that the source is deeper than previously interpreted.
- Drill testing completed to date is consequently ineffective and a new target will be resolved for drill testing.

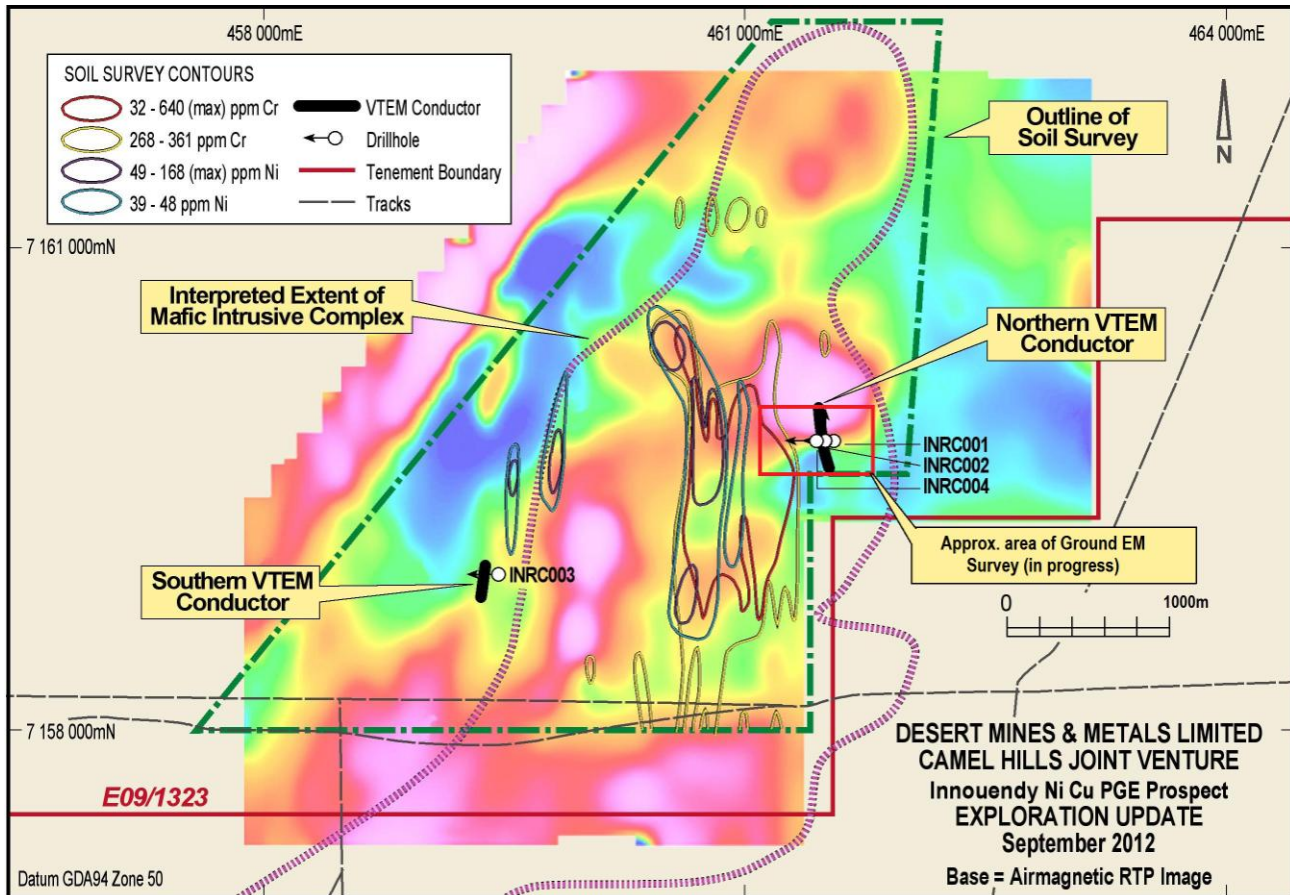
Nickel - Copper Sulphide Targets

Desert Mines and Metals recently commissioned geophysical contractors to undertake a downhole and ground electromagnetic (EM) survey over an interpreted nickel copper target at its Innouendy Prospect. This is to follow up on an unresolved EM conductor first identified from a heliborne VTEM survey completed in 2011 (refer ASX announcement 24 September 2012). Three RC holes were drilled to test the heliborne VTEM target, but no significant mineralisation was intersected nor did the logging of the holes detect any feature which might have explained the VTEM conductor. Notwithstanding, anomalous Ni, Cu, Cr soil geochemistry reported immediately to the west of the anomaly (Figure 1 – Northern VTEM Conductor).

An EM survey crew was mobilised to the Innouendy Prospect earlier this week and when initial attempts to re-enter the RC drill holes to conduct downhole EM were unsuccessful a ground based EM traverse was undertaken. The preliminary data has been modelled by independent geophysical consultants and Figure 2 shows the indicative position of the interpreted ground EM conductor relative to the RC drilling. The figure clearly indicates the conductor was not tested by the first pass drilling and remains a high priority target.

The ground EM survey is consequently being extended to better resolve the strike extent of the conductor. Desert anticipates mobilising a drilling rig to test the conductor once the EM survey and final targeting are completed.

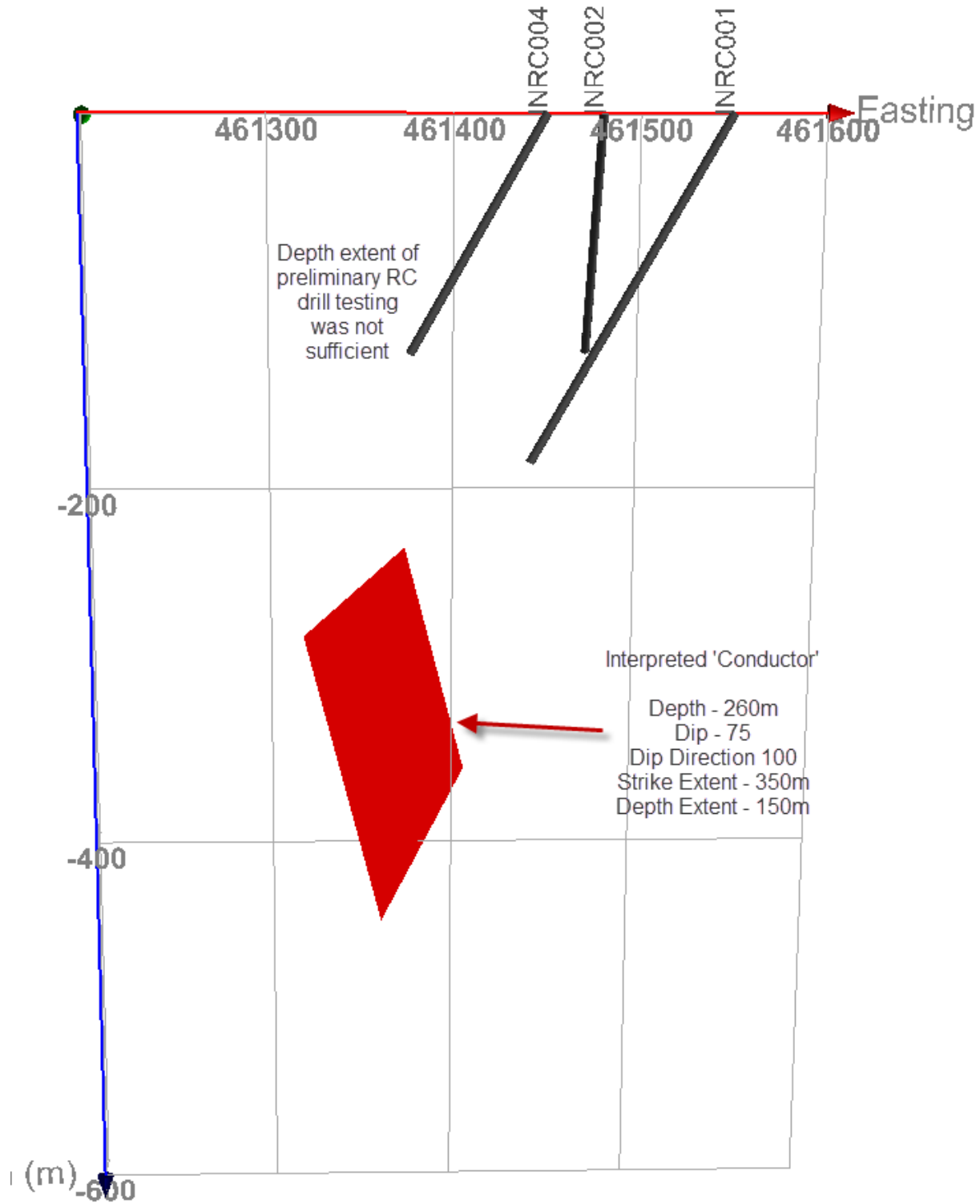
Figure 1: Innouendy Prospect Nickel – Copper Targets & location of Ground EM Survey on background aeromagnetic image.



EM Anomaly Analysis

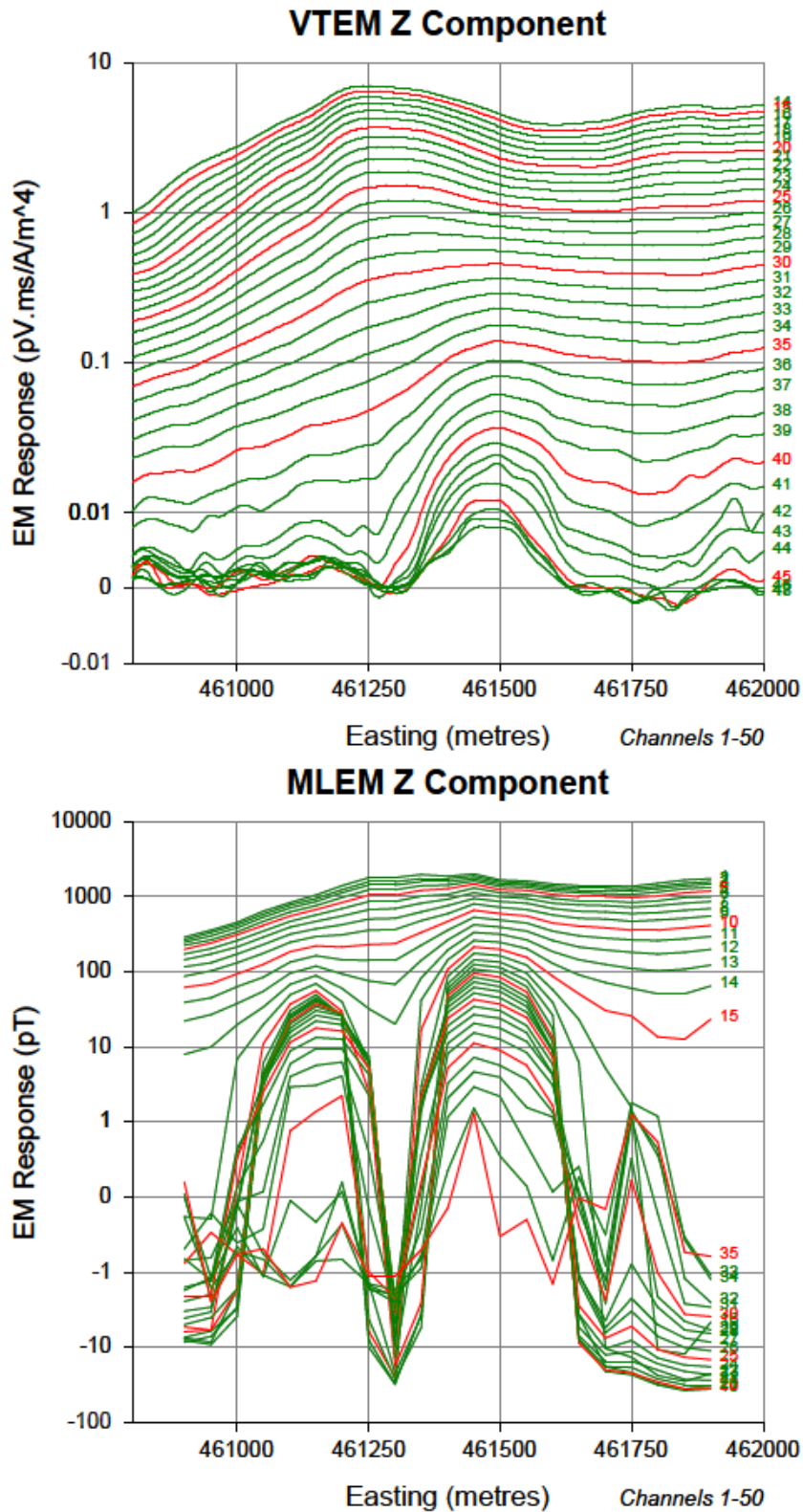
Figure 3 shows the preliminary results of the Moving Loop Ground EM (MLEM) survey refining the VTEM anomaly. Ground EM surveys can be acquired at a lower frequency than airborne EM methods, effectively obtaining EM information from greater depths. The VTEM survey initially identified the EM anomaly and has resolved the eastern limb well, but the western peak, clearly observed in the ground EM data, has very small amplitude. The MLEM profile indicates a steeper dipping conductor than interpreted from the VTEM data. Modelling of the ground EM data also suggests that the source of the anomaly is deeper.

Figure 2: Cross section along northing 7159800mN.



Note: Location of the interpreted ground EM conductor relative to the depth extent of the RC drillholes previously drilled to test the conductor interpreted from the heliborne VTEM survey.

Figure 3: The ground EM data (lower panel) has greatly increased the resolution of the EM anomaly first identified from the VTEM survey (upper panel) - Northern VTEM Conductor. Profile lines are located along northing 7159800mN.



BACKGROUND ON THE CAMEL HILLS JOINT VENTURE

Camel Hills is a large exploration project located in the southern Gascoyne Region of Western Australia. 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 \$3.4 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. The tenement package currently exceeds some 1,600km² deemed by the company's geologists as being prospective for gold, copper, nickel and iron ore.

Martin Pyle
Executive Director
+61(0)429 999 552

Robert Taylor
Executive Director

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 Mines and Metals Limited, Robert Taylor, consults to the Companies through his consulting companies 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 they are 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 Companies' websites (www.auroraminerals.com and www.desertminesandmetals.com.au) are recommended reading for interested market watchers, brokers and investors. The websites contain information on the Companies' projects, project maps, a list of the Companies' announcements to ASX, information on Native Title (including the tenement grant process and heritage surveys), the legislative environments under which the Companies operate, Corporate Governance, a section on risks, many of which are common to exploration companies, and other useful information. A list of the Companies' announcements is also obtainable from the Australian Securities Exchange.