

ASX
RELEASE

23 October 2009

**Large Calcrete Uranium
Exploration Portfolio In
Western Australia**

Website

www.desertenergy.com.au

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this release and the
Company please contact:

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Drilling Update

Desert Energy Limited is pleased to report that it has received approvals from the Western Australian Department of Mines and Petroleum to commence drilling at six of its 100% owned calcrete uranium projects in the northeast Yilgarn Region of Western Australia

Preparation for drilling at the following projects, are now advancing:

- North and South Kurrajong,
- Downs East Extended,
- Bellview,
- Barrambie and
- the Maitland Project.

These projects lie in the northeast Yilgarn Region of Western Australia, home to the large Yeelirrie calcrete-hosted uranium deposit owned by BHP-Billiton. BHP has recently announced its intention to develop the Yeelirrie deposit and also upgraded the deposit potential to 150,000 tonnes of U₃O₈.

The Company's geological model is to search for potential uranium deposits in, previously undiscovered, calcrete beneath extensive sand cover. Previous drilling at several of Desert Energy's projects has discovered large bodies of calcrete, with most containing zones of anomalous uranium.

Desert Energy is effectively using wide spaced reconnaissance drilling programs as a cost-effective means of testing a large number of targets to increase its chances of finding an economic uranium deposit.

The approval process for drilling in Western Australia has increased significantly in recent months with new stringent processes required in order to seek consents, resulting from significantly increased regulation of the uranium industry by the Department of Mines and Petroleum. This applies to radiation management, occupational health and safety and environmental aspects.

The Company has worked with the Department through these processes to pursue its drilling strategy and efficiency objective to test as many targets per program as it can.

Robert Taylor
Executive Director

Garry O'Hara
Executive Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled Garry P O'Hara, a corporate member of the Australasian Institute of Mining and Metallurgy.

Garry O'Hara is an executive director of Desert Energy Limited and consults to the Company through his consulting company Anketell Pty Ltd.

Garry O'Hara have 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'. Garry O'Hara consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company's website is recommended reading for interested market watchers, brokers and investors. The website contains information on the Company's projects including maps, a list of the Company's announcements to ASX, information on Native Title (including the tenement grant process and heritage surveys) including in the Desert Energy Prospectus, 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 website at www.asx.com.au

If you would like copies of announcements emailed to you, contact Ken Banks.