



25 June 2008

The Manager
Announcements
Company Announcements Office
ASX Limited
PO Box H224 Australia Square
SYDNEY NSW 2000

Dear Sir

APPENDIX 3B

Please find attached an Appendix 3B relating to the issue of Employee Options in accordance with the Desert Energy Limited Employee Option Plan approved at the Company's Annual General Meeting in November 2007.

The grant of Employee Options is designed to encourage participants to have a greater involvement in the achievement of the Company's objectives and to provide an incentive by participating in the future growth and prosperity of the Company through share ownership.

Yours faithfully

Peter Rutledge
Company Secretary

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- 31 May 2013 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 400,000- 31 May 2013 |
| 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: 35 cents
Exercisable: 400,000 Options exercisable by 31 May 2013, with 50% vesting on 31 May 2009, and the remaining 50% vesting on 31 May 2010.

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

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<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, are not listed and are not transferable.</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 400,000 Options to Eligible Persons under the Desert Energy Employee Option Plan as an incentive component of their remuneration.</p>						
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>30 June 2008</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 1422 997 1467">Number</th> <th data-bbox="997 1422 1295 1467">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1467 997 1512">82,271,001</td> <td data-bbox="997 1467 1295 1512">Ordinary Shares</td> </tr> <tr> <td data-bbox="686 1512 997 1693">20,566,700</td> <td data-bbox="997 1512 1295 1693">Options expiring 30 April 2010 exercisable at 25 cents</td> </tr> </tbody> </table>	Number	⁺ Class	82,271,001	Ordinary Shares	20,566,700	Options expiring 30 April 2010 exercisable at 25 cents
Number	⁺ Class						
82,271,001	Ordinary Shares						
20,566,700	Options expiring 30 April 2010 exercisable at 25 cents						

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	
	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
	740,000	Options- exercisable at 31 cents by 30 November 2012
	500,000	Options- exercisable at 38 cents by 30 April 2011
	400,000	Options exercisable at 35 cents by 31 May 2013
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

Part 2 - Bonus issue or pro rata issue- N/A

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
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

+ See chapter 19 for defined terms.

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18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	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
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

+ See chapter 19 for defined terms.

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- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities- Not Applicable

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

- 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

+ See chapter 19 for defined terms.

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Entities that have ticked box 34(b)

38 Number of securities for which
 +quotation is sought

N/A

39 Class of +securities for which
 quotation is sought

N/A

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

N/A

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)

N/A

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

Number	+Class
N/A	

+ See chapter 19 for defined terms.

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: 25 June 2008
Company secretary

Print name: Peter Rutledge.....

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