

ASX RELEASE

15 August 2008

**The Largest Calcrete
Uranium Exploration
Portfolio In Western
Australia**

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DOWNS EAST DRILLING UPDATE

- **Calcrete logged over combined area of 14km by 1km**
 - thickness between 1m and 12m – averaging 3m
 - calcrete remains open to the West, South and East
 - samples at lab for assay
- **Desert Energy recently applied for licences to cover all strike extensions**

Desert Energy Limited is pleased to announce completion of its first aircore drilling program, conducted at its 100% owned Downs East property (E51/1172) located in the northeast Yilgarn region of Western Australia, 60km from Yeelirrie, the world's largest calcrete uranium deposit.

A total of 324 holes were drilled for 4,797 metres with an average hole depth of 14.8 metres. Holes were drilled on 400m spaced lines (occasionally 800m) at intervals of 100m or 200m along each line (see Map).

Preliminary analysis of the drilling logs from the Western and Eastern Areas has now been completed.

Calcrete has been identified over a combined area (Western and Eastern areas) of approximately 14km by 1km, with the calcrete averaging approximately 3m in thickness and ranging between 1m and 12m in thickness.

The calcrete body remains open under sand covered paleodrainages to the west, south and east, and more drilling will be required to test how far it extends (refer Map).

Assay Results

Standard 4 metre composite drill samples have been sent to the laboratory in Perth for assay. Duplicate samples from selected holes will be sent to a separate laboratory for quality assurance.

Additional Tenement Applications at Downs East

In late 2007 the Company submitted tenement applications adjoining E51/1172, to cover potential extensions of the current drainage system. Interpretation of satellite images (see attached) indicates that tenement applications ELA53/1370, ELA53/1372 and ELA51/1264 may potentially host extensions of the calcrete body identified by this drilling program.

More recently the Company lodged an exploration tenement application ELA53/1404, over an area bordering ELA/1370, and covering further sand covered paleodrainages, part of the Yeelirrie system. The attached map shows all of the tenements contained within the Downs East project area.

The exploration model

Desert Energy is targeting calcrete-hosted uranium mineralisation in paleo-drainage systems. The identification of extensive calcrete in an area predominantly covered by soil and sand at Downs East gives weight to the Company's exploration model which is to focus on areas hidden under sand and soil in similar interpreted geological settings to that of the large Yeelirrie deposit.

Old Station West – (Drilling Approvals)

Desert Energy's **Old Station West Project** is located about 150km southwest of Yeelirrie. The target is calcrete associated with a pronounced 15km uranium channel radiometric anomaly.

The Company recently received drilling approval from the Department of Industry and Resources for the project. The Company plans to conduct a heritage survey next week. Drilling preparations are underway and the program is expected to commence shortly.

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 by Dr Robert S Taylor, a Member of The Institute of Materials, Minerals and Mining and Mr. Garry P O'Hara, a corporate member of the Australasian Institute of Mining and Metallurgy.

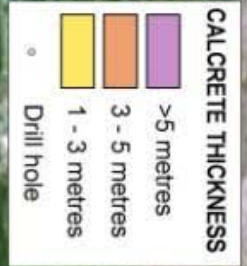
Robert Taylor and Garry O'Hara are both executive directors of Desert Energy Limited and consult to the Company through their respective consulting companies Able Kids Pty Ltd and Anketell Pty Ltd.

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

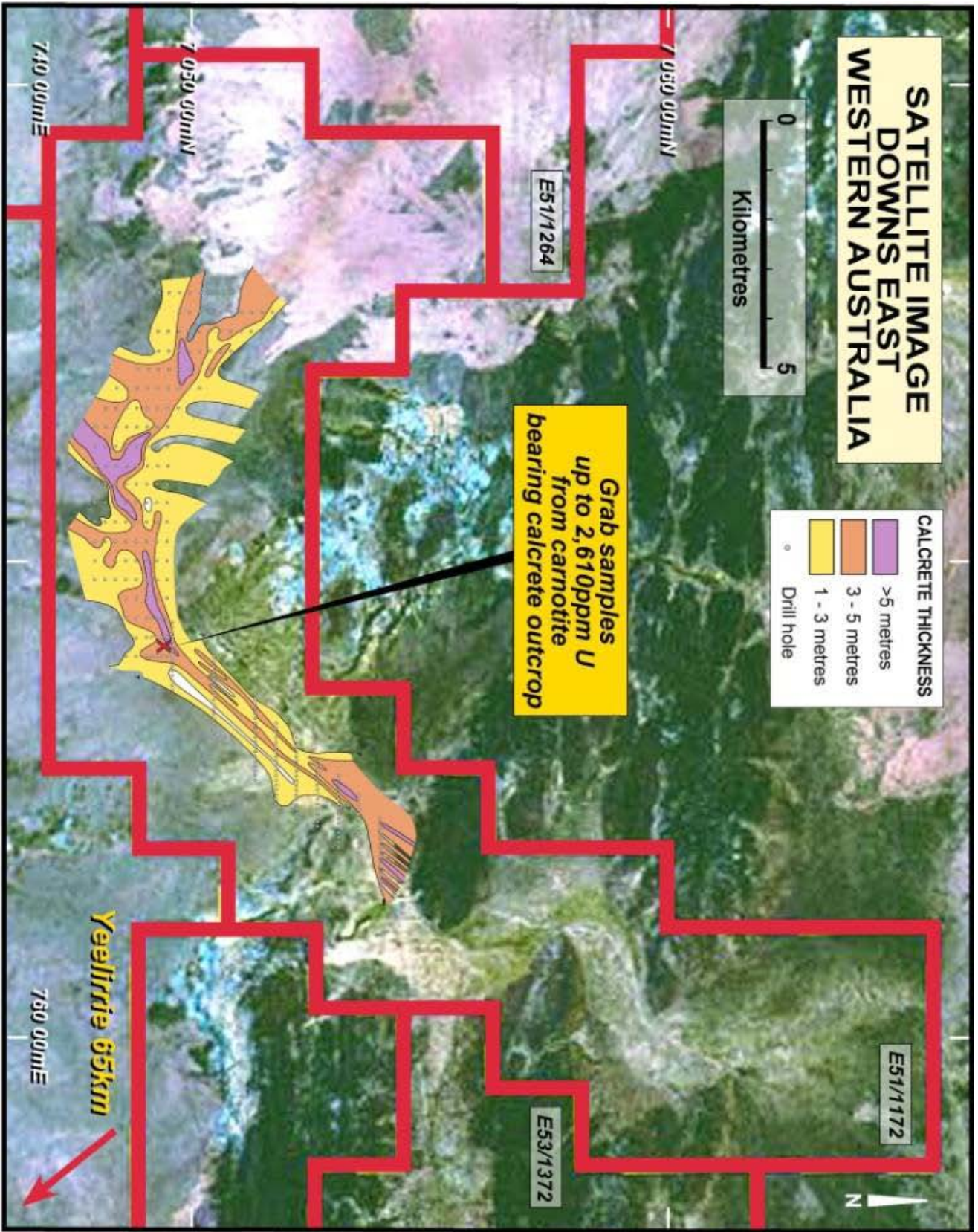
The Company's website is recommended reading for interested market watchers, brokers and investors. The website contains information on the Company's projects including maps, a list of the Company's announcements to ASX, information on Native Title (including the tenement grant process and heritage surveys)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

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

SATELLITE IMAGE DOWNS EAST WESTERN AUSTRALIA



Grab samples
up to 2,610ppm U
from carnotite
bearing calcrete outcrop



Yeellirrie 65km

