

ASX RELEASE

10 July 2008

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

Website

www.desertenergy.com.au

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

Investor Relations Manager

Office

+61 2 8969 2777

Mobile Phone

+61 (0) 402 079 999

Email

kbanks@auroraminerals.com

DRILLING UPDATE

Desert Energy Limited is pleased to announce that aircore drilling has commenced at its Downs East property located 60km from Yeerlirre in the northeast Yilgarn region of Western Australia. Progress has slow and interrupted by rig breakdowns.

Two lines have been drilled across a small part of the eastern radiometric-soil anomaly. Calcrete has been observed on one line. The holes are expected to be logged shortly.

The drill rig is moving towards the high grade uranium surface sample discovery area (grades up to 0.3%U₃O₈) where calcrete outcrops through the sand cover. The host calcrete is known to continue westwards from the discovery area over a strike length of 4.5km and is up to 500m wide. The drill rig is expected to commence on this area early next week.

Samples will be sent to Perth for assay at the completion of the first phase of drilling which is expected to take another four weeks.

Old Station West

Desert Energy's Old Station West project is located about 150km southwest of Yeerlirre in a geological setting similar to Downs East.

The target is calcrete associated with a pronounced 15km uranium channel radiometric anomaly.

Drill permitting is proceeding and the Company expects approvals to be granted within the next month.

Yours faithfully

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.