

ASX RELEASE

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Large Calcrete Uranium Exploration Portfolio In Western Australia

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DRILLING UPDATE

- Uranium anomalies identified in drilling
- New Galilee uranium anomaly 3.2 km by 1.6km
- New Charlie uranium anomaly 2.5km by 1km
- Both anomalies open for many kilometers
- Drilling planned for next series of new projects

Desert Energy Limited is pleased to announce results from its first reconnaissance (very wide spaced) drilling for calcrete-hosted uranium mineralisation at two of its projects in the Northeast Yilgarn region of Western Australia.

The drilling intersected anomalous uranium on several drill lines at both the Galilee and Charlie Projects, associated with calcrete and calcareous sediments. The locations of these projects and the uranium anomalies are shown on the attached maps.

- At **Galilee Project** the anomaly at the plus-10ppm level strikes 3.2km by 1.6km wide, open under sand cover to the east with scope for a further strike of 5km by 1.8 km
- At nearby **Charlie Project** the anomaly at the plus-10ppm level occupies 2.5km of strike, is 1km wide and is open for 4km to the north.

Galilee Project

The Galilee project consists of two granted exploration licences, E57/731 and 732, located 26km southwest of the Yeelirrie deposit in the northeast Yilgarn region of Western Australia. Yeelirrie is the world's largest known calcrete uranium deposit and is currently being scoped for development by BHP Billiton.

The current drill program tested the eastern 6.5km strike of the uranium-channel radiometric anomaly identified in a sensitive airborne survey conducted by the Company last year, and is coincident with current drainage.

Aircore drilling was conducted on lines spaced nominally at 1,600m apart with holes spaced 400m along each line. In this program 81 holes were drilled for a total of 1427 metres with an average hole depth of approximately 18 metres. Standard 4 metre composite drill samples were sent to the laboratory in Perth for assaying.

Results are up to 22.2ppm Uranium, with 16 samples greater than 10ppm in 15 holes. These anomalous results define a coherent anomaly 3.2km long by 1.6km wide opening to an undrilled area under sand cover to the east of 1.8km wide by 5km long which may conceal buried mineralization. See attached map.

From preliminary inspection of results and drill-hole logs, the anomalous uranium occurs at depths ranging from 0 to 27m, with the majority of the anomalism at depths in the range 16 to 27m. In most of the holes drilled, the anomalous uranium occurs in the bottom sample. The anomalous assay results are located both in calcrete and in the sediments beneath the calcrete.

All of the holes within the anomalous zone ended in channel sediments; holes drilled in other parts of the project area were ended in granite.

Further assessment of the geology is ongoing.

Charlie Project

The Charlie project is located 80km west of Yeelirrie. The target is uranium mineralisation hosted by calcrete in a series of palaeo-drainage channels. Results from a detailed airborne radiometric survey flown for Desert Energy in 2007 were used to locate drilling.

The drilling comprised a total of 79 holes for 2007 metres with an average hole depth of 25 metres. Holes were drilled to minimise clearing and take advantage of existing tracks. The holes were generally drilled on 400m spacings along existing tracks that transected the radiometric anomaly.

The drilling identified a large extent of calcrete, mainly hidden under extensive sand cover, over an area of 12km by 8km. Calcrete was located in between 1 and 3 zones within each hole. The maximum calcrete thickness in any one zone was 16m with the average calcrete thickness being 4m. See attached map.

Uranium sample results define an anomalous zone 2.5km long by 1km wide open to the north for 4km, along the northeastern side of the tenement. This anomaly is +10ppm Uranium with a maximum of 22ppm. Six holes returned results greater than 10ppm U. The drilling delineated a zone of +10ppm uranium (maximum 22ppm uranium), which trends to the north towards a wide area of sand cover. Follow-up analysis of the data from the current drill program including further interpretation of uranium trends is planned.

Old Station East Project

The Old Station East project is located 145km SW of Yeelirrie.

Drilling identified calcrete, mainly hidden under extensive sand cover, with a maximum thickness of 20m. Twenty-three holes were drilled for 615m with an average hole depth of 26 metres. Holes were generally drilled on 1600m spaced lines at intervals of 400m along each line. No significant assays were reported in the 4 metre composite assay samples. The maximum reported assay grade was 6.6ppm uranium. The drill program was cut short by high rainfall and floods.

Texas Well Project

The Texas Well project is located immediately west of Old Station East.

The program consisted of only 26 vertical aircore holes for 566m. The majority of the holes intersected calcareous sands and calcrete ranging from 1m to 5m in thickness. The average calcrete thickness was 2.5m. Several holes reported multiple calcareous zones. No anomalous uranium geochemical results were reported.

The Exploration Model: Targeting Yeelirrie-style mineralisation

Desert Energy is targeting calcrete-hosted uranium mineralisation of the Yeelirrie style in paleo-drainage systems of the Yilgarn Block and adjoining areas.

The identification of extensive calcrete with associated uranium mineralisation on most of Desert Energy's soil and sand covered projects drilled to date gives weight to the Company's exploration model. The aim is to test many of these targets across Desert Energy's large project portfolio with exploration drilling designed to discover Yeelirrie-style mineralisation buried under the sand.

Future Drilling Planned

Drilling is being planned at other Desert Energy projects in the northeast Yilgarn, including Kurrajong, Bellview, Downs East Extended, Barrambie and Maitland.

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.





