

ASX RELEASE

29 December 2008

**Large Calcrete Uranium
Exploration Portfolio
Yilgarn Craton/ Gascoyne
Western Australia
Over 14,000km²
24 projects**

Website

www.desertenergy.com.au

For further information on
this release and company
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TENEMENT UPDATE

Desert Energy recently announced applications for a series of new exploration licences in the Yeelirrie area in the North East Yilgarn region of Western Australia. The new EL applications add to the Company's other uranium targets in the area and underlie its growing calcrete uranium focus there. All of the new tenements were applied for 100% by Desert Energy Limited.

As announced to the market earlier this month the Company proposes further boosting its calcrete uranium holdings in the Yeelirrie region with the acquisition of the large Dawn Metals Limited calcrete uranium project portfolio. Desert Energy believes there are advantages; geologically, logistically and geopolitically, through a closer focus in the northern Yilgarn Block.

In December 2008 the Company rationalised some of its other applications and tenements; at the Lyons River, Yaragner, Crème, Robinson Range, Mystery-Talering and Pickano-Perenjori prospects, which do not meet its current criteria.

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 can contact Ken Banks.