

ASX RELEASE

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

Website

www.desertenergy.com.au

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DESERT ENERGY LIMITED COMPANY UPDATE

Proposed Purchase of Dawn Metals Limited by Desert Energy Limited

As reported to ASX, Dawn Metals Limited, a 100% owned subsidiary of Aurora Minerals Limited, has a significant holding of uranium tenements in the north-east Yilgarn Block of Western Australia. The region is considered highly prospective for calcrete hosted uranium and is already host to the world's largest such deposit, at Yeelirrie (see map).

The Yeelirrie region is also a major focus of exploration for Desert Energy Limited.

Desert Energy Limited and Aurora both propose to seek their respective shareholders approval for Desert Energy to purchase and Aurora to sell Dawn Metals (including its calcrete uranium exploration tenements) under mutually acceptable terms and conditions. Any proposed transaction would also be subject to obtaining regulatory approvals as required.

Notice of Meetings with explanatory memoranda are expected to be ready to be sent to Desert Energy and Aurora shareholders in the first Quarter of 2009, so that they can form a view on the merits of the proposed transaction prior to voting.

Advantages for Desert Energy may potentially include:

- an increased uranium exploration portfolio in the key Yeelirrie region,
- many of the tenements are already granted, and
- some have a shorter time frame to drilling stage than other Desert Energy's tenements.

A significant amount of information on the Dawn Metals Limited tenements is available at the Aurora Minerals and ASX websites.

Aurora Minerals currently holds an approximate 48% equity interest in Desert Energy.

Efficiency Drive

Desert Energy is in the process of a major cost review aimed at reducing overheads. Part of the efficiency drive is to encourage personnel, including directors, to take lower fees in return for share options. A cut of 25% is proposed for Directors. The Company will continue to focus exploration on its core tenement holdings, and relinquish tenements and tenement applications which fall outside its project assessment criteria in the current share market and economic environment.

Desert Energy has carefully managed its financial position to date and as a result now has a cash position of approximately \$5 million.

2009 Exploration

Desert Energy's project areas are considered by the company to be in highly prospective terrains and have had little previous exploration as they are outside the main historic mining districts. The Company therefore believes they offer significant upside for shareholders; the opportunity to make new large discoveries away from areas which for decades have been more thoroughly explored.

During 2008 Desert Energy has been one of Western Australia's more active junior uranium explorers, completing extensive airborne surveys and geochemical sampling programs to help identify the best target areas on its projects for detailed follow up drilling.

As a result Desert Energy is now focussed on strategic exploration for calcrete-uranium at its projects in the north-east Yilgarn region of Western Australia where drilling earlier this year discovered anomalous uranium mineralisation at its Old Station West and Downs East. Further drilling programs are now being planned. The field programs are in line with the Company's aim of efficient, relatively low-cost value-adding exploration.

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.

