

ASX RELEASE

27 June 2008

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

Website

www.desertenergy.com.au

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EXPLORATION UPDATE

- **Downs East drilling to commence first week in July 2008**
- **Infill Soil Sampling at Downs East confirms the uranium soil anomaly over 8km**
- **Old Station West Drilling program planned for September 2008 Quarter**

Desert Energy Limited is pleased to announce that drilling at its Downs East project is scheduled to commence in the first week of July. Drilling was previously delayed due to weather and contractor obligations.

The Company has just received the results of an infill soil sampling program over the 8km eastern part of the original, wide spaced uranium in soil anomaly with results confirming its strength and consistency along the entire strike length.

Drilling the Downs East discovery

In late 2007 Desert Energy made a significant surface uranium discovery at its 100% owned Downs East project located in the northeast Yilgarn region of Western Australia, 65km NW of Yeelirre which is the worlds richest calcrete uranium deposit.

Uranium in the form of carnotite grading up to 2,610ppm (0.26% Uranium – 0.3% U₃O₈), was located by the Company's field crew during wide spaced soil sampling over a strong linear uranium channel radiometric anomaly identified from an airborne survey a couple of months earlier.

Results have just been received from the latest infill soil sampling program over the 2007 discovery area. The latest results are from 400 metre infill lines with sample spacing of 50 metres and confirm the consistency and strength of the anomaly (see attached image). The previous soil sampling program was conducted on 1,600 metre line spacing.

Old Station West

Desert Energy's Old Station West project is located about 200km south of Downs East in a similar geological setting. Exploration licence E57/672 was granted last week.

A drilling application is now ready to be lodged on the strong 15km long radiometric anomaly which was announced by Desert Energy on 14 May 2008. Drilling is planned to follow the Downs East drilling program.

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.

DOWNNS EAST PROJECT EAST SIDE Uranium-in-soil-Anomaly Infill Soil Sampling May-June 2008

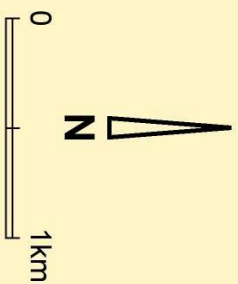
750 000mE

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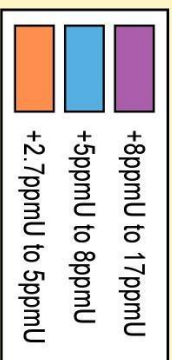
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E51/1172



Carnotite-in-calcrete
Grab Samples
to 2610ppm U



400m spaced sample lines
50m spaced samples
Depth: 25cm
-1.6mm soil fraction

7 049 000mN

7 050 000mN

7 051 000mN

7 052 000mN

7 053 000mN

RESULTS OF THE 2007 SOIL PROGRAM

