

ASX RELEASE

31st July 2008

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

Website

www.desertenergy.com.au

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this release and company
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Quarterly Activities Report

- **Downs East Drilling**
 - Current drilling program completed
 - Large zone of calcrete identified
 - Calcrete remains open to the West and South
 - Eastern zone – awaiting calcrete distribution and thickness analysis
 - Assays awaited
- **Old Station West Project**
 - Strong 15km radiometric anomaly identified along strike from mapped calcrete
 - Drilling approvals received
- **Minnie Creek Project**
 - Radiometric and magnetic survey identifies multiple base metal and uranium targets.
 - Commencement of extensive ground exploration program

Downs East Drilling

Desert Energy Limited completed a 324 hole, 4,797 metre aircore drilling program early this week at its 100% owned Downs East property (E51/1172) located 60km from Yeelirrie, the world's largest calcrete uranium deposit, in the northeast Yilgarn region of Western Australia.

Western Area – (West of the Carnotite discovery outcrop)

Preliminary analysis of logged rock types and depths in the Western Area has identified a large sheet of calcrete over an area of approximately 6.8km by 1km, which runs west of the high grade uranium (carnotite) discovery area where surface samples taken in late 2007 grade up to 0.26% (2,600ppm) Uranium (refer map).

The calcrete body in the Western Area is between 1m and 12m thick. Preliminary assessment of the drill logs indicates the calcrete averages just over 3m in thickness and was predominantly hidden under sand and soil cover. The calcrete body remains open under sand covered paleodrainages to the west and south and more drilling will be required to test how far it extends.

Further assessment of the geology is ongoing.

Eastern Area – (East of the discovery outcrop)

Analysis of calcrete distribution and depths for the Eastern Area has not yet been completed. This is expected to be reported in the near future.

Assay Results

Standard 4 metre composite drill samples will now be sent to the laboratory in Perth for assay. Duplicate samples from selected holes will be sent to a separate laboratory for quality assurance.

Additional Tenement Applications at Downs East

In late 2007 the Company submitted tenement applications which adjoined E51/1172, to cover potential extensions of the current drainage system. The drilling (above) indicates that tenement applications ELA53/1370 and ELA51/1264 may potentially host southward extensions of the calcrete body identified in the Western Area.

The exploration model

The identification of extensive calcrete in an area predominantly covered by soil and sand at Downs East gives weight to the Company's exploration model which is to focus on areas hidden under sand and soil in similar interpreted geological settings to that of the Yeelirrie deposit.

Old Station West Project

Desert Energy's Old Station West project is located approximately 150km southwest of Yeelirrie.

Last week the Company received drilling approval from the Department of Industry and Resources for the project. The Company plans to conduct a heritage survey in mid August prior to the commencement of drilling.

The target is calcrete-hosted uranium mineralisation associated with a pronounced 15km uranium channel radiometric anomaly from a recent airborne survey.

Calcrete has been mapped at the Eastern end of the uranium channel anomaly. West of this is transported sand and soil cover.

Minnie Creek Project

Exploration has commenced at the Company's large Minnie Creek Project in the Gascoyne Region of central Western Australia. During the quarter the Company's field teams commenced surface sampling over the first 20 of over 60 targets selected by the Company from the recently announced results from a detailed airborne magnetic-radiometric survey over the area flown in late 2007.

Radiometric and magnetic images, evaluated in conjunction with other in-house data, identified a significant number of targets for various styles of mineralisation at Minnie Creek, including base metals and uranium.

Several discrete uranium-radiometric and magnetic anomalies associated with late-stage granitic intrusive plugs and a major NW fault system, indicate potential for hard rock uranium and base metal mineralisation within the project area.

In addition a total of 66 linear kilometres of uranium-channel radiometric anomalies were detected within the north-flowing Yannarie River, and south-flowing Alma and Lyons River drainage systems. From processed Landsat images and published GSWA geology maps, these coincide with areas of mapped calcrete and other drainage and regolith cover.

Uranium mineralisation in the form of carnotite, hosted by valley and terrace calcrete, is known at the Middle Well prospect within the project area and at nearby Poorinoo Well and Alma Well. Surface grades of up to 0.15% U₃O₈ were reported by previous explorers (*refer 2007 Desert Energy IPO Prospectus*).

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.

DESERT ENERGY LIMITED
DOWNS EAST PROSPECT
URANIUM MINERALISATION
DISCOVERED NOV. 2007

750 000mE

High Red
Medium Green
low Blue

AIRBORNE RADIOMETRICS SEPT-NOV.2007
IDENTIFIED STRONG URANIUM CHANNEL
OVER 32 km
NOTE: RESPONSE FROM UNDER
EXTENSIVE SAND COVER



E51/1264

7 060 000mN

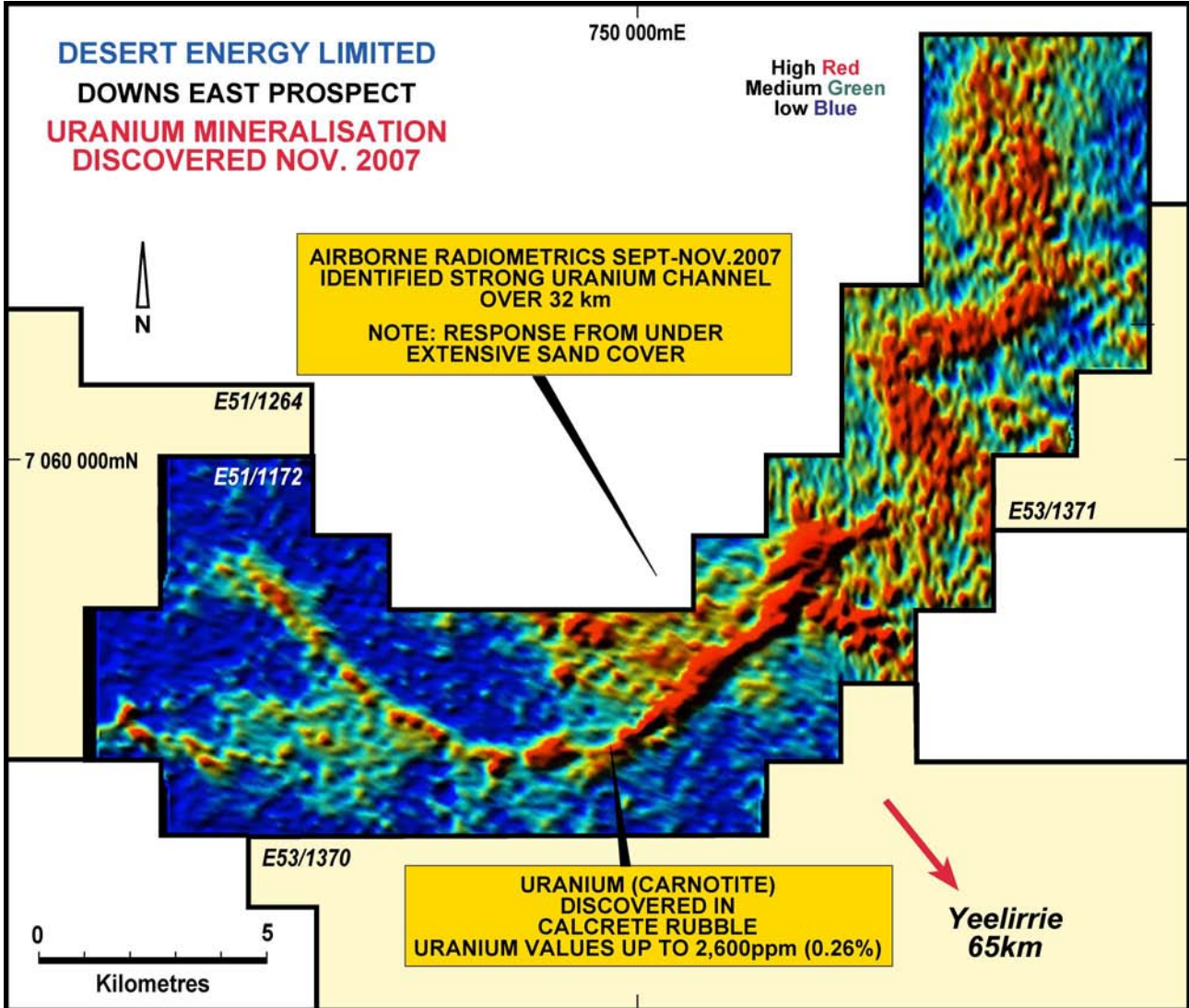
E51/1172

E53/1371

E53/1370

URANIUM (CARNOTITE)
DISCOVERED IN
CALCRETE RUBBLE
URANIUM VALUES UP TO 2,600ppm (0.26%)

Yeelirrie
65km



DESERT ENERGY LIMITED
OLD STATION WEST PROSPECT
RADIOMETRIC ANOMALY

665 000mE

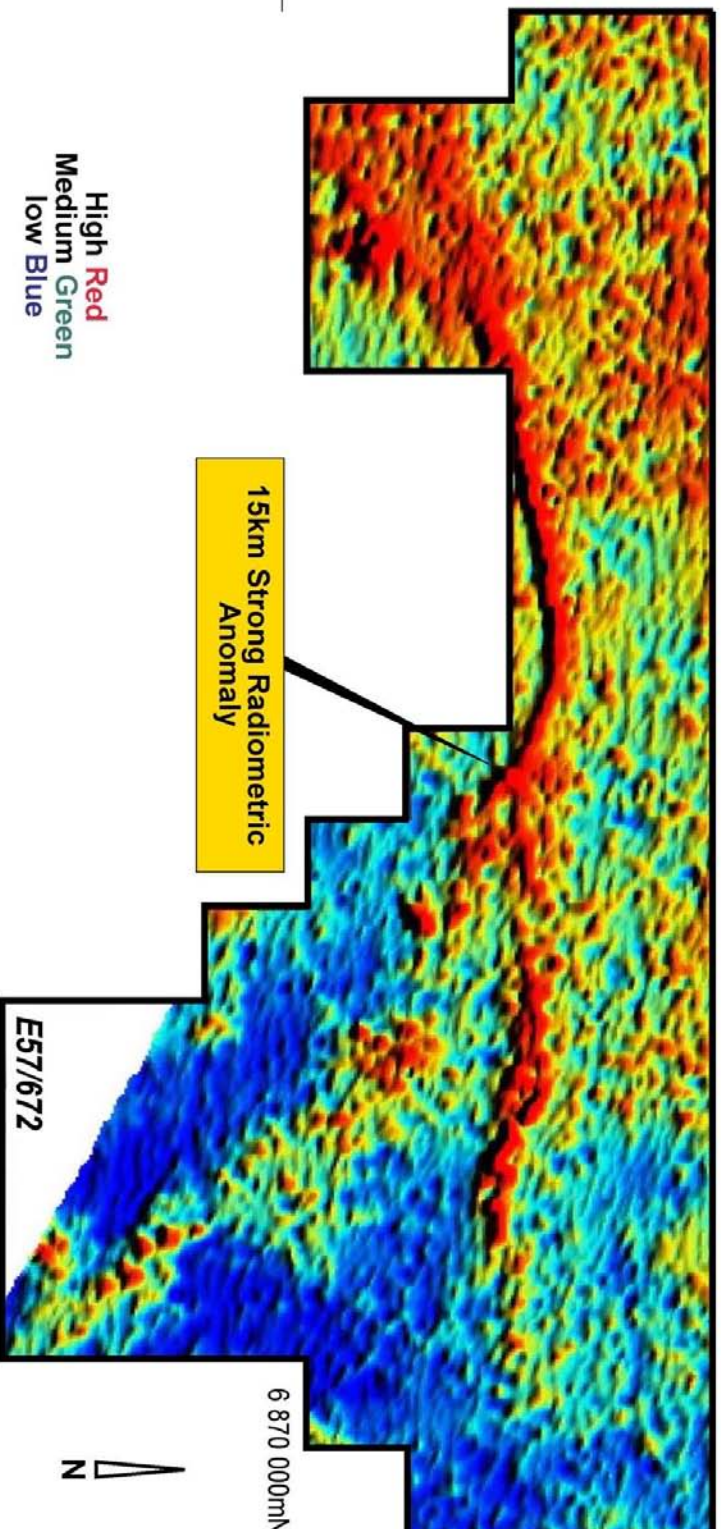
685 000mE



20km



6 880 000mN



High Red
Medium Green
Low Blue

665 000mE

685 000mE

6 870 000mN



