

ASX RELEASE

23 October 2008

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

Website

www.desertenergy.com.au

For further information on
this release and the
Company please contact:

Investor Relations Manager
Office

+61 2 8969 2777

Mobile Phone

+61 (0) 402 079 999

Email

kbanks@auroraminerals.com

DOWNS EAST PROJECT

URANIUM ANOMALIES IN FIRST DRILL PROGRAM

Desert Energy Limited has received the results from the first round of drilling at its 100% owned Downs East property (E51/1172) located in the northeast Yilgarn region of Western Australia, 60km North West of Yeelirrie, the world's largest calcrete uranium deposit.

A number of uranium anomalies have been intersected in the drilling, extending over several kilometres in the initial relatively wide spaced drill program.

The attached map shows the maximum downhole 4-6m composite uranium values. The drilling has delineated a zone of +20ppm uranium (maximum 60ppm uranium), which may trend to the south towards a wide area of sand cover (see map). Follow up analysis of the data from the current drill program is planned to commence shortly and include further interpretation of uranium trends.

The attached maps include proposed drill targets south of the recently completed drilling, and future proposed drill targets in the large areas of prospective ground held by the Company to the south, towards the Yeelirrie area. The next program may include some closer spaced drilling in the anomalous areas delineated in the recent program.

Drilling Update - Old Station West

Desert Energy's **Old Station West Project** is located about 150km southwest of the Yeelirrie Uranium Deposit. The project overlies a pronounced 20km long uranium channel radiometric anomaly.

The first round of drilling was completed in the middle of this month and large volumes of calcrete have been intersected with maximum calcrete thicknesses up to 24m and width up to 2km, in what is evidently a large paleo-drainage channel. Drill samples are currently at the laboratory for analysis.

Downs East Drilling Details

A total of 324 holes were drilled for 4,797 metres with an average hole depth of 14.8 metres. Holes were drilled on 400m spaced lines (occasionally 800m), generally at intervals of 200m along each line (see Map) with some infill holes at 100m spacing.

Calcrete has been identified over an area of approximately 14km by 1km and averages approximately 3m thickness. The calcrete body remains open under sand covered paleodrainages to the south, to the west, and to the east.

Large Tenement Holdings in Yeelirrie Region

In late 2007 the Company submitted tenement applications adjoining Downs East (E51/1172), to cover potential extensions of the current drainage system. Interpretation of satellite images (see attached) indicates that tenement applications ELA53/1370, ELA53/1372 and ELA51/1264 may potentially host further calcrete bodies.

More recently the Company lodged an exploration tenement application ELA53/1404, over an area bordering ELA/1370, and covering further sand covered paleodrainages, part of the Yeelirrie drainage system. Desert Energy also extended the holdings at its Charlie project (see map). The attached map shows all of Desert Energy's tenements and tenement applications within the Yeelirrie region.

The exploration model

Desert Energy is targeting calcrete-hosted uranium mineralisation in paleo-drainage systems. The identification of extensive calcrete with associated uranium mineralisation at Downs East, in an area predominantly covered by soil and sand, 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 large Yeelirrie uranium deposit.

China Mining 2008

The Company will have a booth at the China Mining Conference which is being held in Beijing in mid November this year, where it will showcase the large Desert Energy portfolio of calcrete uranium exploration projects.

Robert Taylor
Executive Director

Garry O'Hara
Executive Director

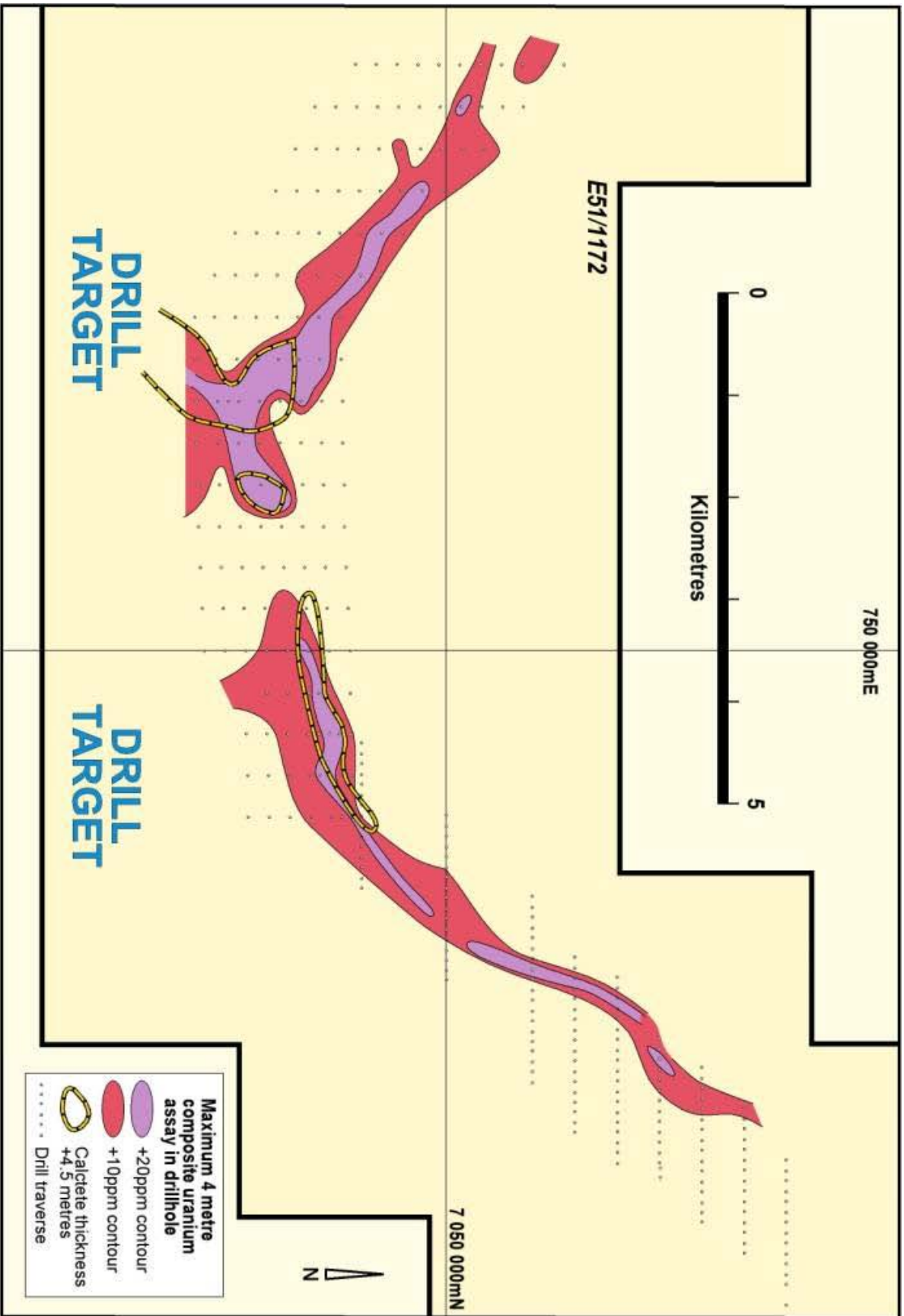
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Robert S Taylor, a Member of The Institute of Materials, Minerals and Mining and Mr. Garry P O'Hara, a corporate member of the Australasian Institute of Mining 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.



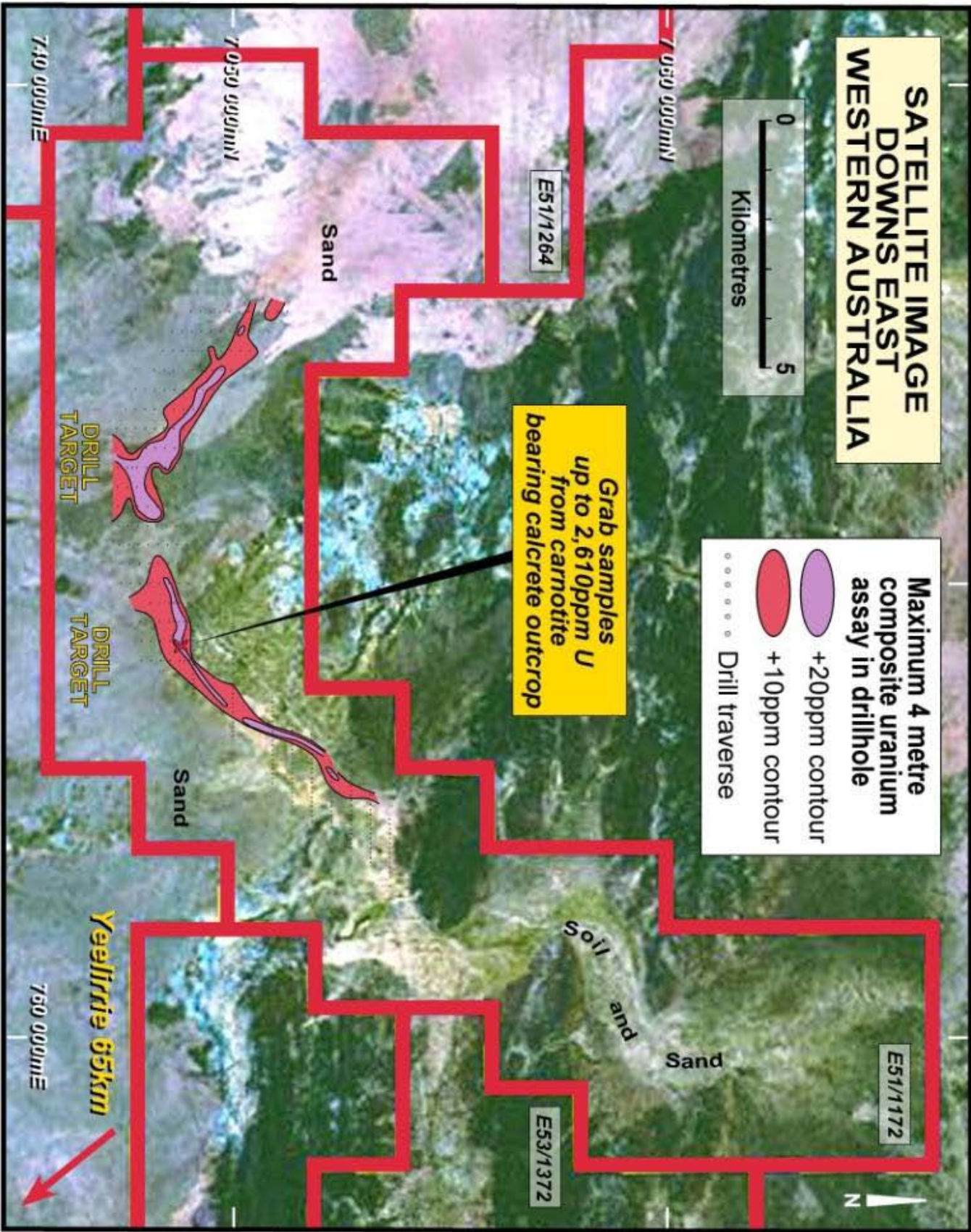
SATELLITE IMAGE DOWNS EAST WESTERN AUSTRALIA



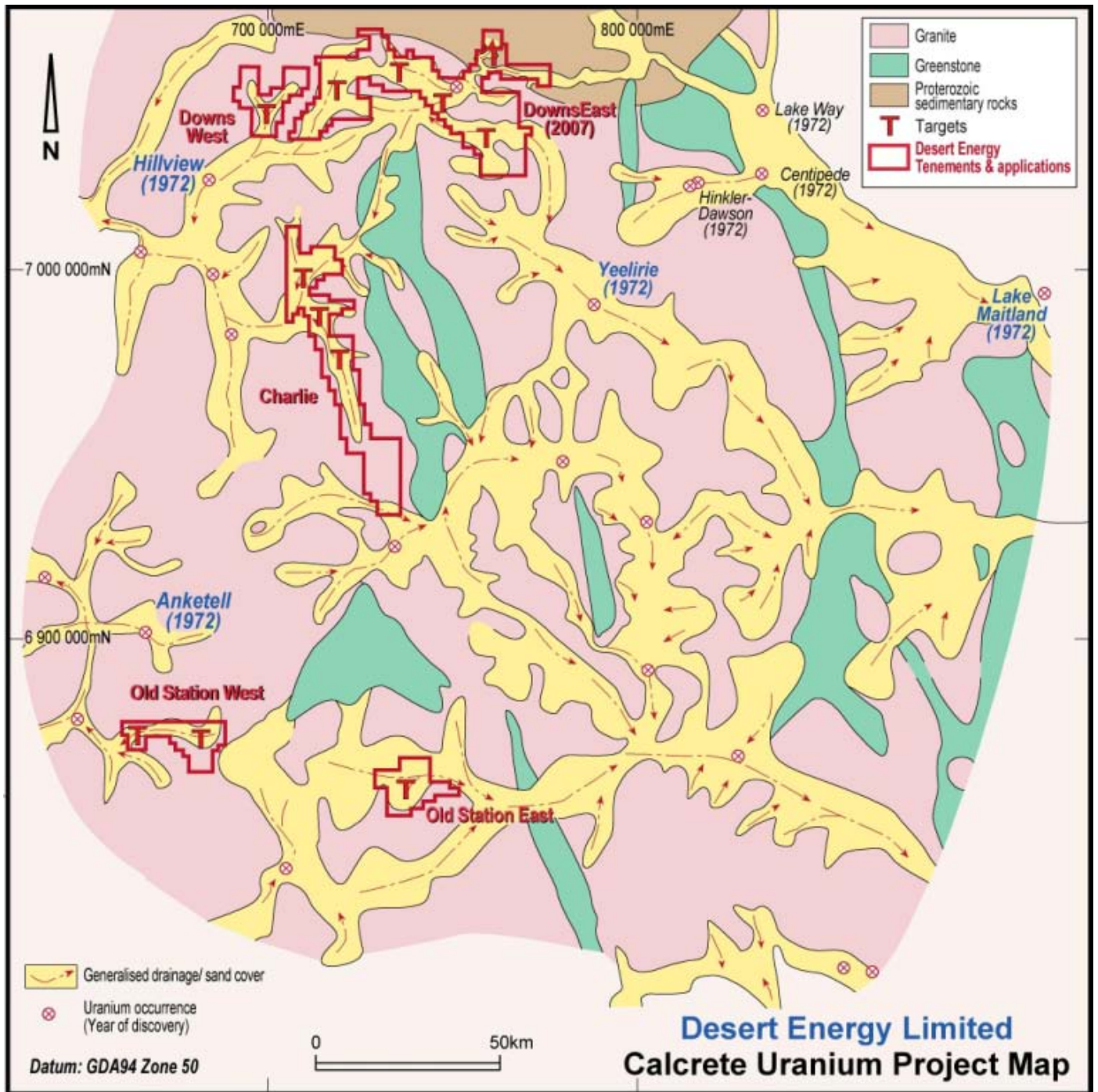
Maximum 4 metre
composite uranium
assay in drillhole

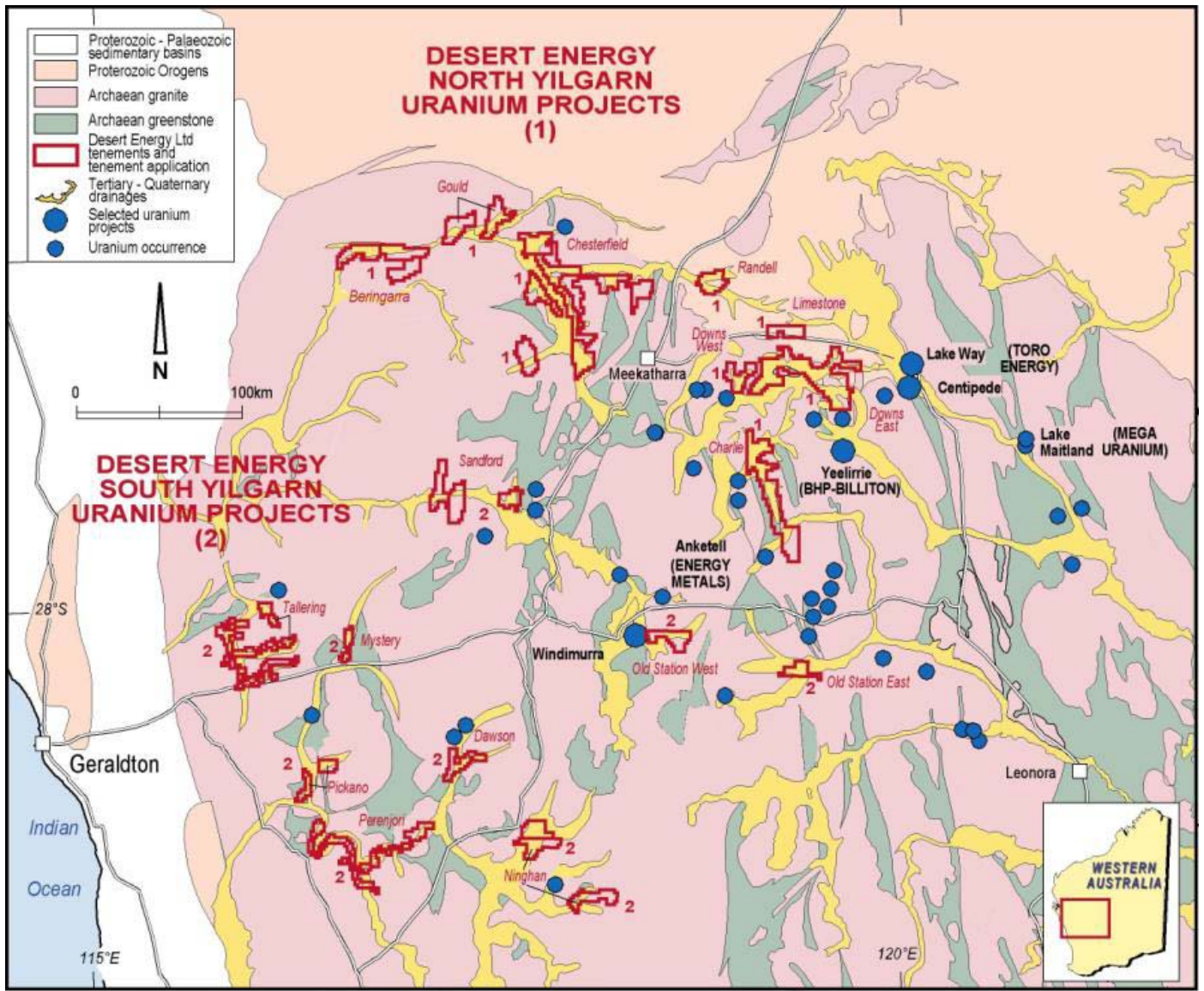
- +20ppm contour
- +10ppm contour
- Drill traverse

Grab samples
up to 2,610ppm U
from carnotite
bearing calcrete outcrop



Yeellirrie 65km





Desert Energy Limited Calcrete Uranium Prospects on the Yilgarn Block

**Table of Composite Drill Results
>20ppm Uranium**

Sample Number	Hole ID	Co-Ordinates Northing	Easting	Composite Detail			Uranium ppm
				Depth From	Depth to	Width	
102457	DEAC079	7048900	750800	4	8	4	58.9
102048	DEAC021	7052000	754000	12	16	4	57.9
102640	DEAC161	7048300	747600	4	8	4	53.1
102361	DEAC143	7048300	748400	4	8	4	52.9
102794	DEAC198	7049500	746000	4	8	4	50.1
102680	DEAC172	7048900	747200	12	16	4	49.3
102837	DEAC208	7049900	745600	8	12	4	41.3
102559	DEAC112	7048700	750000	4	8	4	40.3
102625	DEAC158	7047900	747600	0	4	4	36.4
102715	DEAC180	7048900	746800	12	16	4	35.2
102635	DEAC159	7048000	747600	4	8	4	34.7
102929	DEAC227	7050300	744800	4	8	4	34.3
102524	DEAC101	7049000	750800	4	10	6	33.7
102068	DEAC008	7051200	753200	12	16	4	33.3
102681	DEAC172	7048900	747200	16	21	5	33.3
102049	DEAC021	7052000	754000	16	21	5	32.9
102365	DEAC144	7048500	748400	0	4	4	27.7
102548	DEAC109	7048800	750400	0	4	4	26.9
102549	DEAC109	7048800	750400	4	8	4	26.7
102421	DEAC070	7049100	751600	12	16	4	26.6
102441	DEAC075	7048900	751200	0	4	4	26.4
102456	DEAC079	7048900	750800	0	4	4	26.3
102250	DEAC063	7049200	751800	12	16	4	26.2
102669	DEAC170	7048500	747200	4	8	4	25.2
102014	DEAC013	7051600	753400	12	16	4	24.2
102329	DEAC151	7048100	748000	4	8	4	24.2
102626	DEAC158	7047900	747600	4	8	4	23.9
102666	DEAC169	7048300	747200	4	8	4	23.9
102671	DEAC171	7048700	747200	0	4	4	23.4
102518	DEAC089	7048800	751200	12	16	4	23.2
102122	DEAC025	7050800	753100	12	16	4	22.5
102649	DEAC163	7048700	747600	16	20	4	21.6
102356	DEAC142	7048100	748400	4	8	4	21.1
102755	DEAC189	7049300	746400	8	12	4	20.6
102558	DEAC112	7048700	750000	0	4	4	20.5

35 of 1,235 Drill Samples

Datum GDA94 Zone 50 – All Holes drilled Vertical