

ASX
RELEASE

31 July 2009

**Large Calcrete Uranium
Exploration Portfolio In
Western Australia**

Website

www.desertenergy.com.au

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

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DESERT ENERGY LIMITED

QUARTERLY REPORT END JUNE 2009

- **Initial reconnaissance drilling at four Projects**
- **Uranium anomalies at Charlie and Galilee Projects**
- **Purchase of Dawn Metals approved**

EXPLORATION

During the quarter, initial reconnaissance (wide spaced) drilling was undertaken at the Galilee, Charlie, Old Station East and Texas Well projects in the northeast Yilgarn region of Western Australia. The target is near-surface uranium mineralisation associated with calcrete deposits in palaeo-drainage systems developed since the early Tertiary.

The geological model is to drill-test beneath recent sand cover for potential paleodrainage channels that may contain uranium-bearing calcrete. The initial drill programs consist of holes nominally drilled on 400m x 1600m spacing with the aim of locating weakly anomalous uranium assay values which can be further targeted using closer spaced drilling.

The identification of extensive calcrete with associated uranium mineralisation at most of the properties drilled by Desert Energy thus far, in areas predominantly covered by soil and sand, gives weight to this exploration.

Galilee Project

The Galilee project consists of two granted exploration licences, E57/731 and 732, located 26km southwest of the Yeelirrie deposit in the northeast Yilgarn region of Western Australia. Yeelirrie is the world's largest known calcrete uranium deposit and is currently being scoped for development by BHP Billiton.

The current drill program tested the eastern 6.5km strike of the uranium-channel radiometric anomaly identified in a sensitive airborne survey conducted by the Company last year, and is coincident with current drainage.

Aircore drilling was conducted on lines spaced nominally at 1600m apart with holes spaced 400m along each line. In this program 81 holes were drilled for a total of 1427 metres with an average hole depth of approximately 18 metres. Standard 4 metre composite drill samples were sent to the laboratory in Perth for assaying.

Results are up to 22.2ppm Uranium, with 16 samples greater than 10ppm in 15 holes. These anomalous results define a coherent anomaly 3.2km long by 1.6km wide opening to an undrilled area under sand cover to the east of 1.8km wide by 5km long which may conceal buried mineralization. See attached map.

From preliminary inspection of results and drill-hole logs, the anomalous uranium occurs at depths ranging from 0 to 27m, with the majority of the anomalism at depths in the range 16 to 27m. In most of the holes drilled, the anomalous uranium occurs in the bottom sample. The anomalous assay results are located both in calcrete and in the sediments beneath the calcrete.

All of the holes within the anomalous zone ended in channel sediments; holes drilled in other parts of the project area were ended in granite.

Further assessment of the geology is ongoing.

Charlie Project

The Charlie project is located 80km west of Yeelirrie. The target is uranium mineralisation hosted by calcrete in a series of palaeo-drainage channels. Results from a detailed airborne radiometric survey flown for Desert Energy in 2007 were used to locate drilling.

The drilling comprised a total of 79 holes for 2007 metres with an average hole depth of 25 metres. Holes were drilled to minimise clearing and take advantage of existing tracks. The holes were generally drilled on 400m spacings along existing tracks that transected the radiometric anomaly.

The drilling identified a large extent of calcrete, mainly hidden under extensive sand cover, over an area of 12km by 8km. Calcrete was located in between 1 and 3 zones within each hole. The maximum calcrete thickness in any one zone was 16m with the average calcrete thickness being 4m. See attached map.

Uranium sample results define an anomalous zone 2.5km long by 1km wide open to the north for 4km, along the northeastern side of the tenement. This anomaly is +10ppm Uranium with a maximum of 22ppm. Six holes returned results greater than 10ppm U. The drilling delineated a zone of +10ppm uranium (maximum 22ppm uranium), which trends to the north towards a wide area of sand cover. Follow-up analysis of the data from the current drill program including further interpretation of uranium trends is planned.

Old Station East Project

The Old Station East project located 145km SW of Yeelirrie.

Reconnaissance drilling identified calcrete, mainly hidden under extensive sand cover, with a maximum thickness of 20m. The drilling comprised a total of 23 holes for 615m metres with an average hole depth of 26 metres. Holes were generally drilled on 1600m spaced lines at intervals of 400m along each line. No significant assays were reported in the 4 metre composite assay samples. The maximum reported assay grade was 6.6ppm U. The drill program was cut short by high rainfall and floods.

Texas Well Project

The Texas Well project is located immediately west of Old Station East.

The program consisted of only 26 vertical aircore holes for 566m. The majority of the holes intersected calcareous sands and calcrete ranging from 1m to 5m in thickness. The average calcrete thickness was 2.5m. Several holes reported multiple calcareous zones. No anomalous uranium geochemical results were reported.

Duketon

This project consists of 7 granted exploration licences, located about 200kms east of Wiluna on the edge of the Gibson Desert. A brief reconnaissance field trip to assess access was made during the quarter. A single grab rock sample of calcrete was collected and which assayed 23.1ppm U.

CORPORATE

Purchase of Dawn Metals Limited

An Extraordinary General Meeting of Desert Energy Limited was held at the Company's offices on 11th June for shareholders to vote on the purchase of Dawn Metals Limited from its owner, Aurora Minerals Limited. The consideration was \$1,000,000 comprising \$400,000 cash with the balance of the consideration (after expenses and reimbursement of certain expenditures on tenements held by Dawn Metals) satisfied by the issue to Aurora of ordinary shares in Desert Energy.

Voting was unanimously in favour of the sale. The purchase gives Desert Energy a substantial landholding in the northeast Yilgarn region, around the world-class Yeelirrie calcrete-hosted uranium deposit, and augments Desert Energy's own tenement position in the region.

The Company is interacting with the Claimant groups who cover its project areas, aimed at entering a Heritage Agreement on mutually acceptable terms, thus leading to the grant of tenements for drilling to proceed as warranted.

Robert Taylor
Executive Director

Garry O'Hara
Executive Director

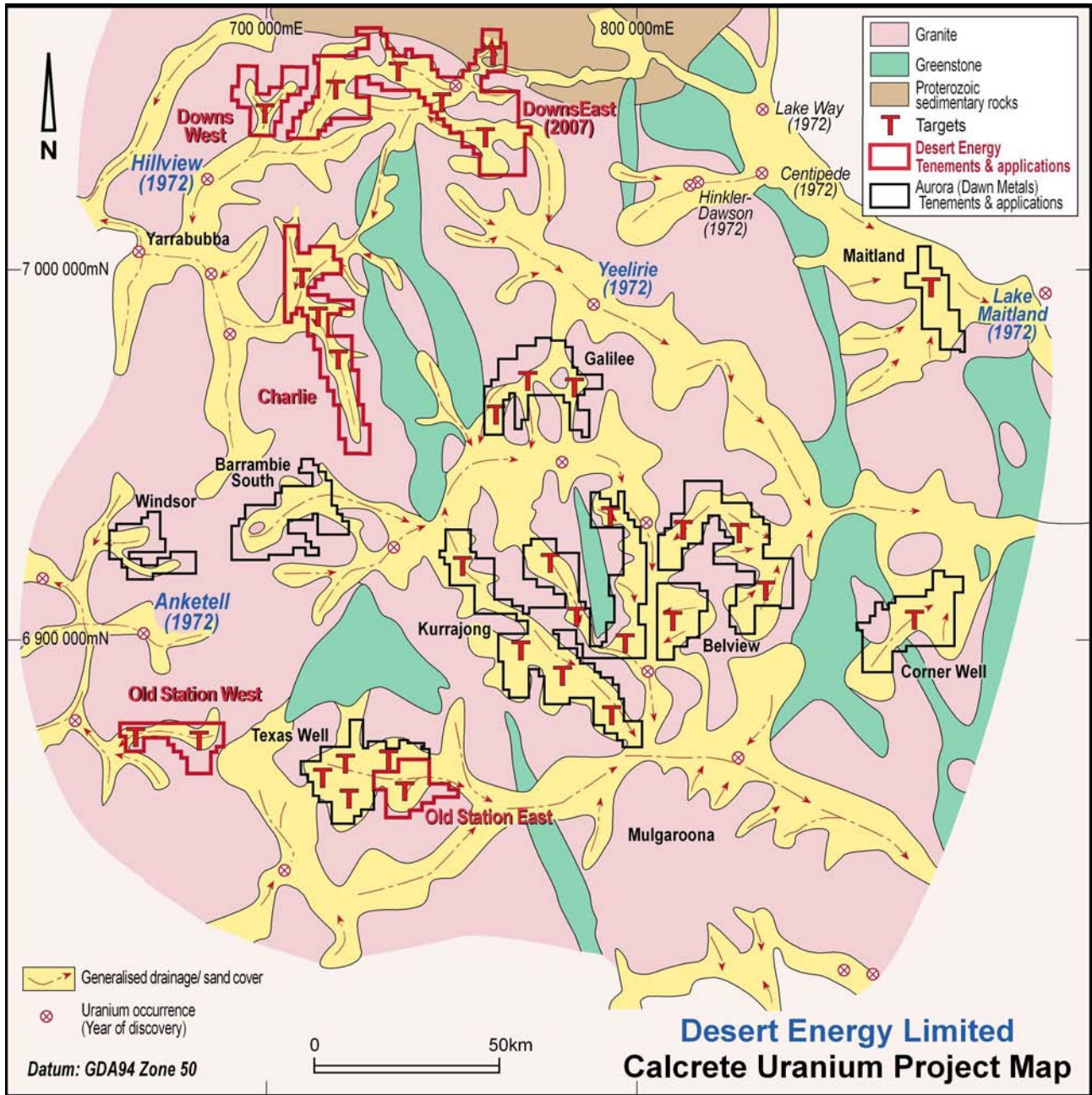
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled Garry P O'Hara, a corporate member of the Australasian Institute of Mining and Metallurgy.

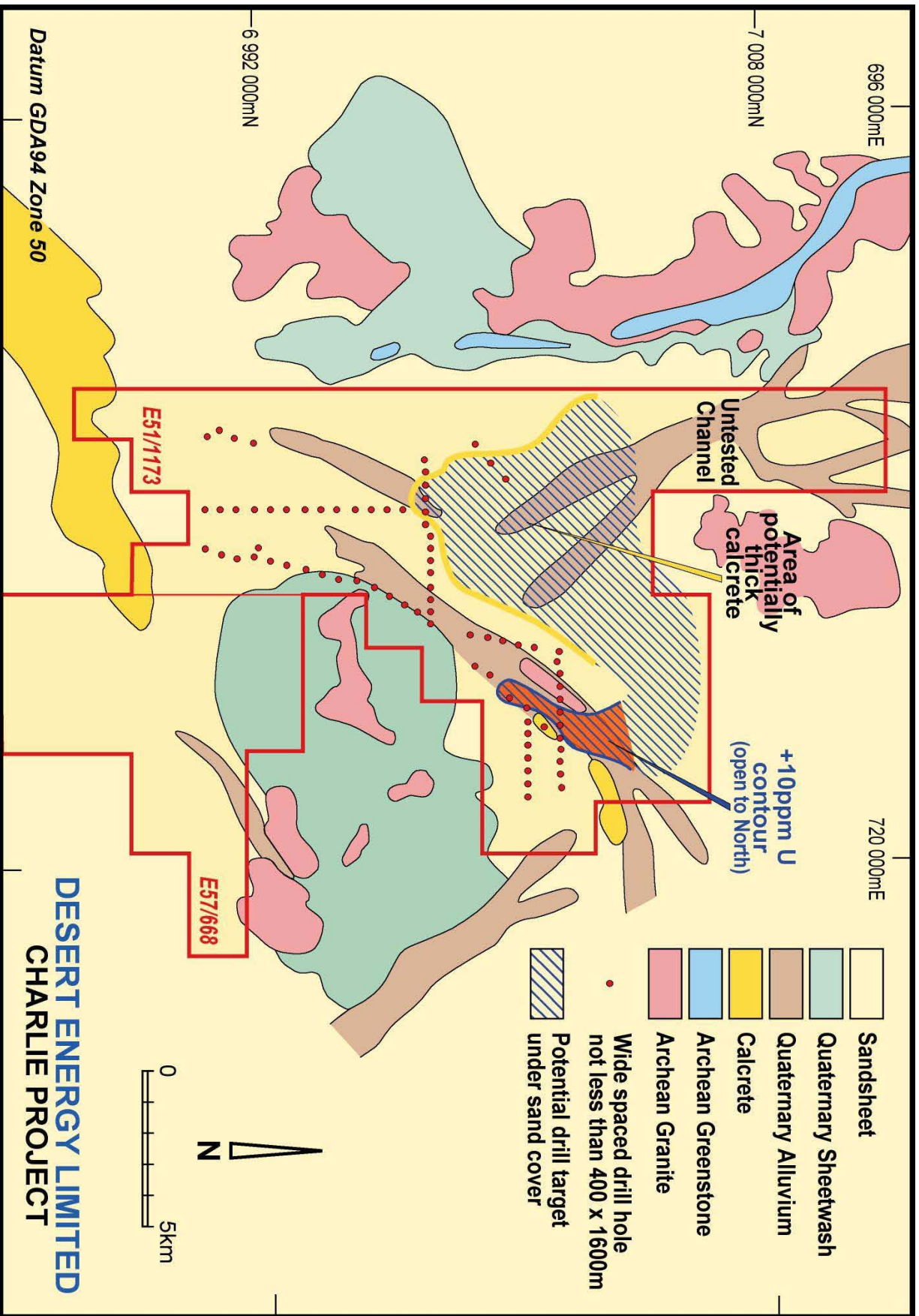
Garry O'Hara is an executive director of Desert Energy Limited and consults to the Company through his consulting company Anketell Pty Ltd.

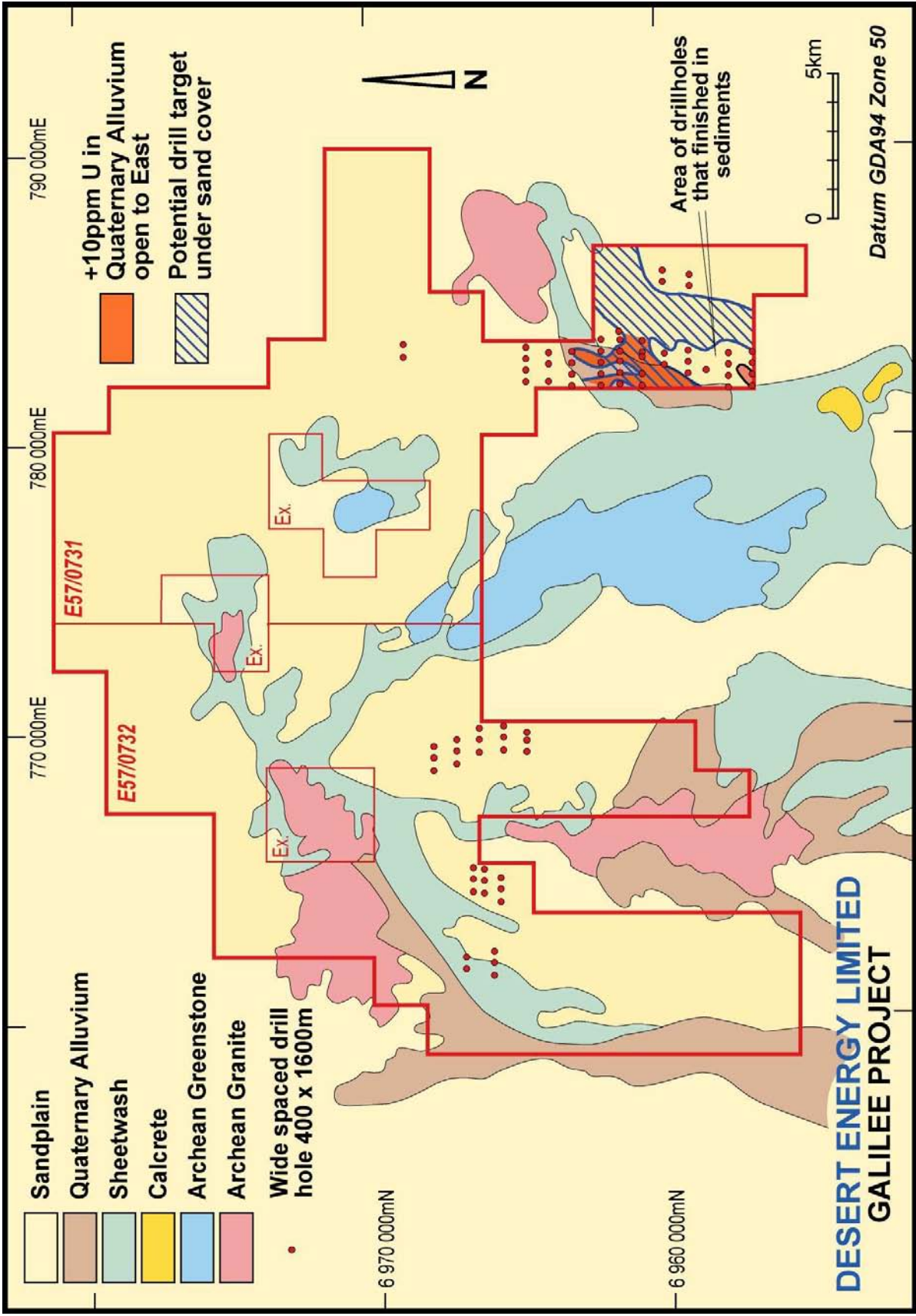
Garry O'Hara have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Garry O'Hara consents 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 Securities Exchange website at www.asx.com.au

If you would like copies of announcements emailed to you, contact Ken Banks.







Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Desert Energy Limited

ABN

56 123 102 974

Quarter ended ("current quarter")

30 June 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(112)	(1,387)
(b) development		
(c) production		
(d) administration	(127)	(685)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	204
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other - tenement rehabilitation bonds	-	(95)
Net Operating Cash Flows	(234)	(1,963)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	(400)	(400)
(b)equity investments		
(c) other fixed assets		(9)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(400)	(409)
1.13 Total operating and investing cash flows (carried forward)	(634)	(2,372)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(634)	(2,372)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(7)
	Net financing cash flows	-	(7)
	Net increase (decrease) in cash held	(634)	(2,379)
1.20	Cash at beginning of quarter/year to date	4,733	6,474
1.21	Exchange rate adjustments to item 1.20	(4)	(1)
1.22	Cash at end of quarter	4,095	4,095

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	45
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	=
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	303	197
5.2 Deposits at call	3,792	4,536
5.3 Bank overdraft		
5.4 Other (provide details) Held on trust by parent Aurora Minerals Ltd		
Total: cash at end of quarter (item 1.22)	4,095	4,733

Changes in interests in mining tenements

Tenement Name & Location	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	82,271,001	42,271,000		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	7,500,000	-	34.017 cents	31/10/ 2014
	7,500,000	-	50.0 cents	22/11/2015
	2,050,000	-	50.0 cents	22/12/2011
	3,700,000	-	34.017 cents	30/11/ 2010
	2,000,000	-	37.2 cents	30/11/2010
	562,500	-	31.0 cents	30/11/2012
	20,566,700	20,566,700	25.0 cents	30/04/2010
	500,000	-	38.0 cents	30/04/2011
	330,000	-	35.0 cents	31/05/2013
	630,000	-	35.0 cents	30/11/2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes <i>(totals only)</i>				
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~/does not*~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here: Peter Rutledge
(Company Secretary)

Date: 31 July 2009

Print name: Peter Rutledge

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 3 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 4 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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