

ASX RELEASE

31 October 2007

**Large Calcrete Uranium
Exploration Portfolio
Gascoyne/Murchison
Western Australia
13,900km²
24 projects**

Website

www.desertenergy.com.au

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this release and company
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Quarterly Activities Report

September Quarter

HIGHLIGHTS

During the quarter Desert Energy completed the first of its planned close spaced low level airborne magnetic-radiometric surveys ("MagRad") at:

- the Charlie prospect (located 80kms west of the Yeelirrie Uranium Deposit), and
- the Downs prospect (located 80km NW of Yeelirrie).

A surface Geochemical program on selected targets has commenced.

LATEST RESULTS

At Charlie prospect the MagRad survey successfully highlighted up to 25km of strong uranium-channel radiometric anomalies.

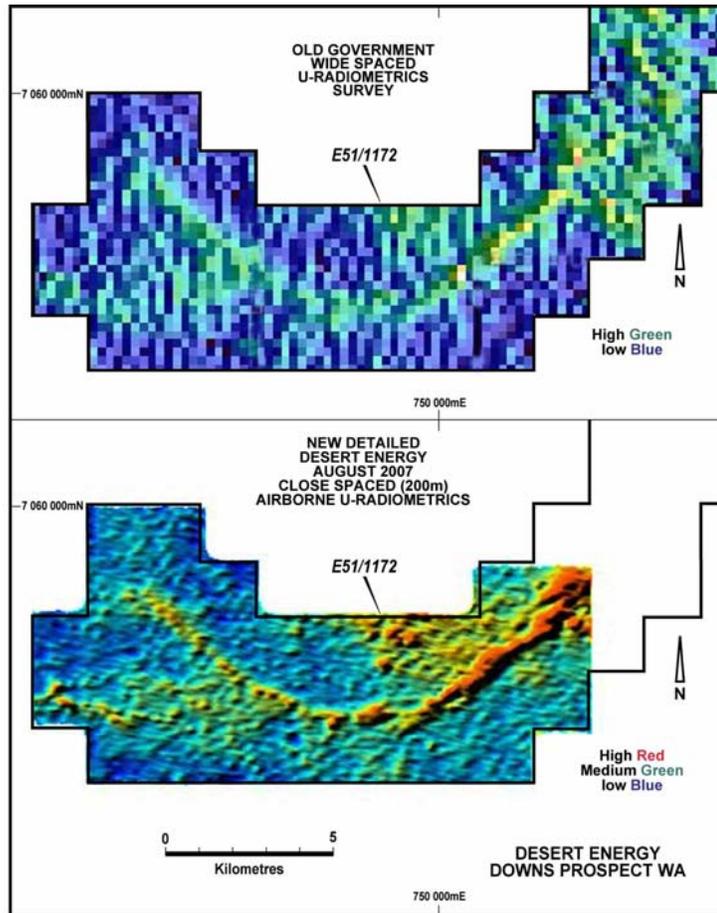
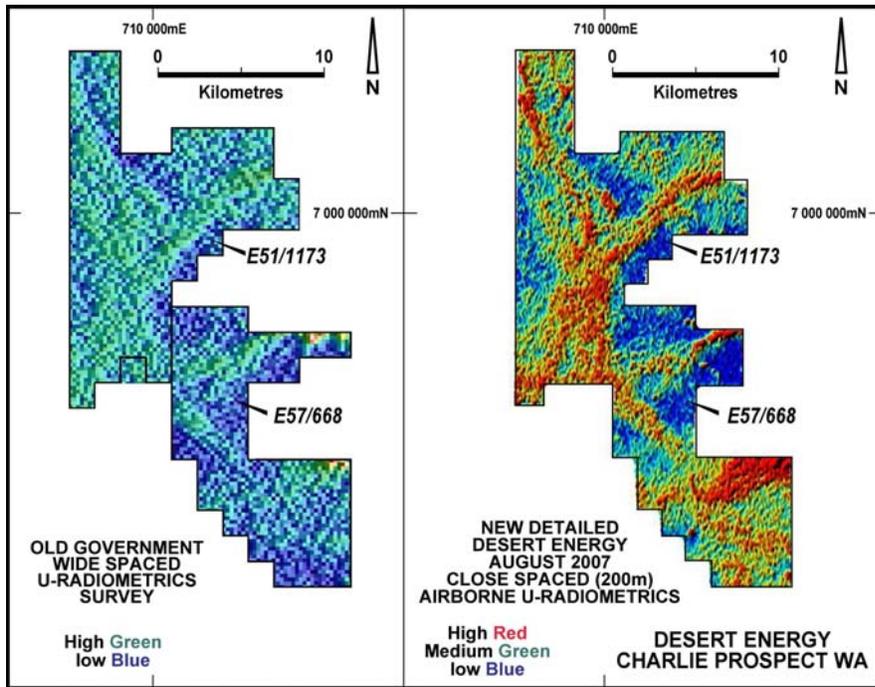
And at Downs prospect a 9km very strong linear uranium-channel anomaly was delineated which is open for several kilometres to the north and which may continue under sand cover for a further 10km to the west. The aircraft has returned to Downs and is flying the northern part of the tenement to track this strong anomaly.

The uranium-channel radiometric images of the Charlie and Downs anomalies are shown below.

Follow up ground programs are now underway on these tenements. Soil sampling has commenced on the Charlie, Downs and Cave prospects. Initial results are expected in the coming month.

The aim of the soil sampling is to assist in later drill targeting.

The Company's Minnie Creek, Lime Juice, Yaragner, Glenburgh and Chesterfield Project areas were part of the same extensive MagRad survey and results are expected to be announced following analysis of the data over the coming weeks. Further MagRad surveys are currently underway.



The previous wide spaced Government radiometric surveys outlined broad uranium channel anomalies (see images above). The advantage of the new detailed MagRad survey is that the aircraft flies much lower, the flight lines are more closely spaced and new technology is used, namely an on-board spectrometer which has a much larger gamma ray collector than was used in the old surveys. As a result the MagRad survey has been able to identify the strongest sections of anomalism for follow up geochemical testing.

Corporate

Desert Energy Limited was listed on the Australian Stock Exchange on 24th August following a successful and oversubscribed \$8m IPO raising. Its stock code is “DSN” and major shareholder is Aurora Minerals Limited with 50%.

Desert Energy holds rights to a large portfolio of granted and application exploration licences considered prospective for near surface calcrete-hosted uranium deposits in the northern Yilgarn and Gascoyne Regions of Western Australia.

Yours faithfully

Garry O'Hara
Executive Director

Robert Taylor
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.