

ASX
RELEASE

30 January 2009

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

Website

www.desertenergy.com.au

For further information on
this release and company
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Desert Energy Limited
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December 2008 Quarterly Activities Report

Old Station West Project

- Uranium anomalies identified in first round of drilling

Downs East Project

- New tenement applications significantly expand target zone including toward Yeelirrie
- Drill planning underway

Uranium Projects expansion

- Proposed expansion of uranium portfolio and activities in North Yilgarn block

Corporate

- Efficiency drive (including significant fee reductions) to reduce overheads paving the way for value added exploration in 2009
- Desert Energy exhibits at the China Minerals Conference in Beijing

Old Station West Project

Desert Energy's **Old Station West Project** is located about 150km southwest of the Yeelirrie uranium deposit located in the NE Yilgarn region of central Western Australia. The focus of the project is a pronounced 20km long uranium channel radiometric anomaly identified in an aerial survey flown for Desert Energy in 2008.

The first round of aircore drilling was completed during the quarter over the eastern half of the radiometric anomaly. Large volumes of calcrete were intersected with maximum calcrete thicknesses up to 24m and width up to 2km, in what is evidently a large paleo-drainage channel.

The drilling delineated an east-west zone of over 40ppm U₃O₈ (in 4m composite samples) up to 500m wide, open to the west across the tenement boundary where the radiometric anomaly continues and strengthens in intensity for a further 10km through Desert Energy's exploration licence application ELA58/368. This area has not yet been drill tested.

Desert Energy plans to drill test this target area after the tenement has been granted.

The uranium mineralisation strikes east-west and is very consistent at a depth of between 12 and 16 metres below surface throughout the mineralised zone.

Drilling Details

A total of 148 holes were drilled for 2,960m with an average hole depth of 20m. Holes were drilled on lines generally spaced 1600m apart with holes spaced between 100m and 200m along each line.

Standard 4m composite drill samples were collected from each hole.

Calcrete was intersected in most holes varying in thickness between 1m and 24m (averaging approximately 9m), and is up to 2km wide.

The Exploration Model and Tenement Update

The identification of uranium-bearing calcrete in an area of widespread soil and sand cover gives further weight to Desert Energy's exploration model which is to focus on areas hidden under cover in similar interpreted geological settings to that of the Yeelirrie deposit.

Old Station West was the second drill campaign undertaken by Desert Energy, the first being Downs East. Both campaigns identified calcrete-hosted uranium mineralisation under sand and soil cover and represent only a small part of the Company's portfolio of uranium-channel radiometric targets for calcrete-hosted uranium mineralisation.

Desert Energy has applied for a series of new exploration licences in the Yeelirrie area in the north-east Yilgarn region, whilst rationalising applications and tenements at Lyons River, Yaragner, Cream, Robinson Range, Mystery-Talering and Pickano-Perenjori, which do not meet its current criteria.

The Company plans to increase in the number of targets for drilling in 2009. The aim is to test these efficiently with wide spaced scout drilling to identify Yeelirrie style uranium.

Downs East Project

During the September quarter drilling delineated a zone of +20ppm uranium (maximum 60ppm uranium), which may trend to the south towards a wide area of sand cover. This was the first test of the area.

A relatively small part of the prospective drainage system was tested and the Company plans to follow up with further drilling upon tenement and statutory approvals.

The Company was advised by the Western Australian Mines Department that another tenement at Downs East was approved in the past week and drill planning will now commence.

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 indicates that tenement applications ELA53/1370, ELA53/1372 and ELA51/1264 may potentially host further calcrete bodies.

During the December quarter the Company lodged an exploration tenement application, ELA53/1404, over an area bordering ELA/1370, and covering further sand covered paleo-drainages, part of the Yeelirrie drainage system. Desert Energy also extended the holdings at its Charlie project

Minnie Creek and Limejuice Projects

Results have been received for 8 soil sample grids at the Minnie Creek and Limejuice projects. They are currently being reviewed.

Proposed Purchase of Dawn Metals Limited

As reported to ASX, Aurora Minerals Limited, through its 100% owned subsidiary Dawn Metals Limited, has a significant holding of uranium tenements in the north-east Yilgarn Block of Western Australia. The region is considered highly prospective for calcrete hosted uranium and is already host to the world's largest such deposit, at Yeelirrie.

The Yeelirrie region is a major focus of exploration for Desert Energy Limited.

Desert Energy and Aurora both propose to seek their respective shareholders approval for Desert Energy to purchase and Aurora to sell Dawn Metals Limited (including its calcrete uranium exploration tenements) under mutually acceptable terms and conditions. Any proposed transaction would also be subject to obtaining regulatory approvals as required.

Notices of Meeting with detailed explanatory memoranda are expected to be sent to Desert Energy and Aurora shareholders in the first Quarter of 2009, so that they can form a view on the merits of the proposed transaction prior to voting.

Advantages for Desert Energy could potentially include:

- an increased uranium exploration portfolio in the key Yeelirrie region,
- many of the tenements are already granted, and
- some have a shorter time frame to drilling stage than some of the other Desert Energy's tenements.

A significant amount of information on the Dawn Metals Limited tenements is available at the Aurora Minerals and ASX websites.

China Mining Conference

During November the Company had a booth at the China Mining Conference in Beijing.

Efficiency Drive

During the quarter Desert Energy carried out a major cost review aimed at reducing overheads. Part of the efficiency drive was to encourage personnel, including directors, to take lower fees in return for share options. A cut of 25% in fees paid to the Directors and senior personnel was accepted. The Company has large ground holdings, and will continue to focus exploration on its core tenement holdings, and relinquish tenements and tenement applications which fall outside its criteria in the current share market and economic environment.

Desert Energy has carefully managed its financial position to date and as a result now has approximately \$4.9 million in cash and receivables.

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 can 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")

31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(477)	(1,155)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	75	183
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	(758)	(1,621)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(5)	(45)
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	(5)	(45)
1.13 Total operating and investing cash flows (carried forward)	(763)	(1,666)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(763)	(1,666)
	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)	(2)	(7)
	Net financing cash flows	(2)	(7)
	Net increase (decrease) in cash held	(765)	(1,673)
1.20	Cash at beginning of quarter/year to date	5,566	6,474
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	4,801	4,801

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	60
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	300
4.2 Development	=
Total	300

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	280	217
5.2 Deposits at call	4,521	5,349
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)	4,801	5,566

Changes in interests in mining tenements

Tenement Name & Location	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Minnie Creek	09/1316	Disposed	100%	0%
Minnie Creek	09/1335	Disposed	100%	0%
Minnie Creek	09/1348	Disposed	100%	0%
Lime Juice	09/1349	Disposed	100%	0%
Lime Juice	09/1350	Disposed	100%	0%
Minnie Creek	09/1351	Disposed	100%	0%
Yarragna	09/1360	Disposed	100%	0%
Lyons River	09/1365	Disposed	100%	0%
Lime Juice	09/1366	Disposed	100%	0%
Lyons River	09/1367	Disposed	100%	0%
Randells	51/1179	Disposed	100%	0%
Downs	53/1372	Disposed	100%	0%
Pickano	59/1294	Disposed	100%	0%
Yalgoo	59/1300	Disposed	100%	0%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

(Subject of Sale Agreement between Aurora Resources Pty Ltd, a wholly owned subsidiary of Aurora Minerals Ltd, and Desert Energy Ltd, as specified in the Prospectus dated 11 June 2007.)

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 Oct 2014
	3,700,000	-	34.017 cents	30 Nov 2010
	2,000,000	-	37.2 cents	30 Nov 2010
	562,500	-	31.0 cents	30 Nov 2012
	20,566,700	20,566,700	25.0 cents	30 Apr 2010
	500,000	-	38.0 cents	30 Apr 2011
	330,000	-	35.0 cents	31 May 2013
	630,000	-	35.0 cents	30 Nov 2012
	7,500,000	-	50.0 cents	22 Nov 2015
	2,050,000	-	50.0 cents	22 Dec 2011
7.8 Issued during quarter	7,500,000 2,050,000	- -	50.0 cents 50.0 cents	22 Nov 2015 22 Dec 2011
7.9 Exercised during quarter				

+ See chapter 19 for defined terms.

7.10	Expired during quarter	150,000	-	35.0 cents	30 Nov 2012
		177,500	-	31.0 cents	30 Nov 2012
		100,000	-	35.0 cents	31 May 2013
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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: 30 January 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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