

<b>Large Low Grade Uranium Anomalies at Downs East</b>
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**Stock:** Desert Energy Limited (DSN \$0.16)  
**Recommendation:** Speculative Buy

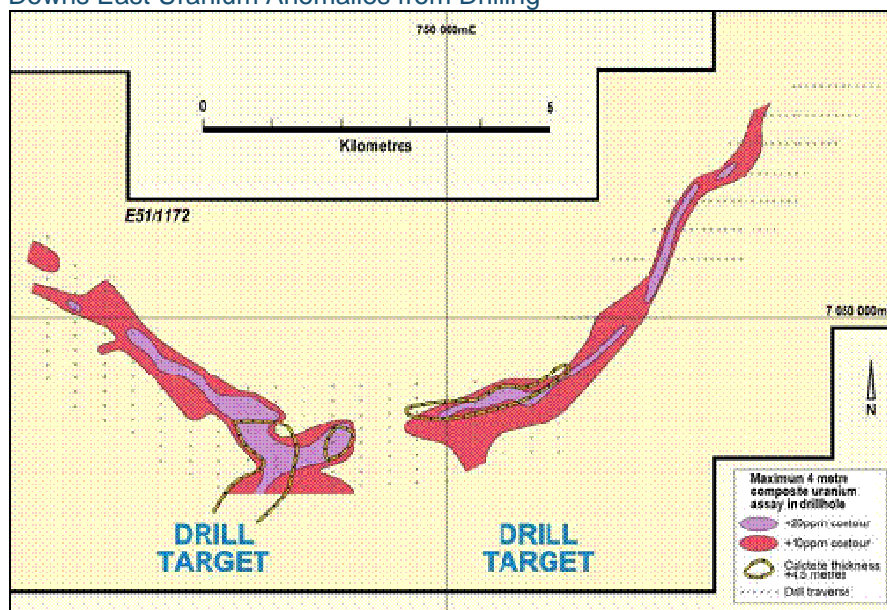
**Impact:**

- The size of the two anomalies at Downs East is very encouraging, however, it is disappointing that the maximum grade intersected was only 0.006% Uranium, which we would consider to be sub-economic. This may have been a result of the coarse drill spacing, which might have led to the drill holes potentially missing higher-grade ore bodies. The samples were also taken as composites, potentially masking narrower higher-grade intervals.
- Whilst the program was successful in identifying uranium anomalism, further work is required, with the program highlighting a number of areas requiring follow up drilling. We continue to rate **Desert Energy Limited** as a **Speculative Buy**.

**Details:**

- **Two Large Anomalies Identified** – The assay results for Desert Energy’s 100% owned Downs East project have finally been returned, following the completion of the drill program at the end of July this year. The drilling has identified two large low level uranium anomalies, with strike lengths of over several kilometres. The western anomaly is interpreted to be open to the south underneath sand cover. The maximum grade intersected in the 4 to 6m composite samples was 60ppm Uranium (0.006%).
- **Follow Up Drilling Planned** – The drilling was done on a very coarse hole spacing of 400 to 800m spaced lines, with 200m spaced holes. The Company has planned a follow up drill program infilling the higher-grade areas of the anomalies, to ascertain the potential for economic mineralisation. We would expect this drilling to be undertaken in late Q1/early Q2 CY2009.
- **Old Station West Drilling Complete** – Drilling at DSN’s Old Station West Project has been completed. The drilling targeted a 20km long uranium radiometric anomaly intersecting large volumes of calcrete up to 24m thick. Results are currently being analysed, and may be returned within a few weeks, depending on lab turnaround time.

Downs East Uranium Anomalies from Drilling



Source: Desert Energy Limited

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## Hartleys Recommendation Categories

Strong Buy	Significant share price appreciation anticipated
Buy	Share price appreciation anticipated
Speculative Buy	Share price appreciation anticipated but is considered high risk
Accumulate	Buy in periods of weakness
Hold	Take no action
Reduce	Sell in periods of strength
Sell	Significant price depreciation anticipated

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Hartleys has provided corporate advice within the past 12 months and continues to provide advice to Desert Energy Limited, for which it received fees and continues to receive fees. Hartleys has a beneficial interest in 1,000,000 Desert Energy options.

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