

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 September 2007

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	(123)	(123)
(b) development		
(c) production		
(d) administration	(180)	(180)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	52	52
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Receipt - JV Management Fees		
Payment - Security Deposit		
Net Operating Cash Flows	(251)	(251)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(58)	(58)
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	(58)	(58)
1.13 Total operating and investing cash flows (carried forward)	(309)	(309)

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1.13	Total operating and investing cash flows (brought forward)	(918)	(3,039)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	8,000	8,000
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)	(290)	(290)
	Net financing cash flows	7,710	7,710
Net increase (decrease) in cash held			
		7,401	7,401
1.20	Cash at beginning of quarter/year to date	10	10
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	7,411	7,411

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	30
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.14:- Desert Energy Limited listed on ASX on 15 August after raising \$8,000,000 through the issue of 40,000,000 shares at \$0.20 each pursuant to a prospectus dated 11 June 2007.
1.19:- Costs associated with the IPO of Desert Energy Limited

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

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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	500
4.2 Development	-
Total	500

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	2,401	
5.2 Deposits at call	5,000	
5.3 Bank overdraft		
5.4 Other (provide details) Held on trust by parent Aurora Minerals Ltd	10	10
Total: cash at end of quarter (item 1.22)	7,411	10

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	E09/1335	Exploration licence		100%
Yannarie	E09/1382	Exploration licence		100%
Lyons River	E09/1365	Exploration licence		100%
Charlie	E57/668	Exploration licence		100%
Randells	E51/1179	Exploration licence		100%
Limestone	E51/1180	Exploration licence		100%
Cave	E37/875	Exploration licence		100%
All the above tenements are the subject of a Sale Agreement with Aurora Resources Pty Ltd, a wholly-owned subsidiary of Aurora Minerals Ltd, as specified in the Prospectus dated 11 June 2007.				

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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	80,000,001	80,000,001		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	40,000,000	40,000,000	20 cents	Fully Paid
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>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
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 ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Peter Rutledge
(Company Secretary)

Date: 31 October 2007

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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