

DESERT ENERGY LIMITED

ACN 123 102 974

PROSPECTUS

For a non-renounceable entitlement offer of one (1) Option for every four (4) Shares held by Shareholders on the Record Date at an issue price of 1 cent per Option.

The Offer is underwritten.

This document should be read in its entirety. If you are in any doubt as to the contents of this document you should consult your stockbroker or other professional adviser without delay.

Options offered by this Prospectus are considered speculative in nature.

For personal use only

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Important Notice

This Prospectus is dated 7 March 2008.

A copy of this Prospectus was lodged with the ASIC on 7 March 2008. The ASIC and ASX take no responsibility for the contents of this Prospectus.

No Options will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application will be made within seven (7) days after the date of this Prospectus for permission for the Options offered by this Prospectus to be listed for Quotation.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisers before deciding whether to apply for Options. There are risks associated with an investment in the Company and the Options offered under this Prospectus must be regarded as a speculative investment. The Options offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Options.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used in this Prospectus are set out in Section 7 of this Prospectus.

Legal Framework of This Prospectus

The Company is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules and the Corporations Act which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its Shares.

Applicability of Corporations Act

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of options to acquire Shares being shares which are quoted securities in a class of securities that were quoted securities at all times in the 3 months before the issue of this Prospectus. The Shares are quoted securities by virtue of being listed for quotation on the ASX.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information likely to have a material affect on the price or value of the Company's Shares.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at the ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, an ASIC office.

Section 4 of this Prospectus outlines in detail the principal risks involved in investing in the Company. Of these risks, the Directors consider the following to be two key areas of risk specific to the Company.

Uranium - Government Regulation and Policy

Uranium mining in Australia is subject to extensive regulation by Commonwealth and State Governments in relation to exploration, development, production, export, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Accordingly, the approval processes for uranium mining are more rigorous than for the mining of other metals, due to the need to comply with such laws and regulations. Compliance with such laws and regulations will increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. Further, there is a risk that, should economic deposits be discovered, the necessary government approvals may not be granted, or may be significantly delayed.

Although Western Australia currently has no legislation that prohibits uranium mining, there is a State Government policy prohibiting uranium mining. All mining leases granted since 22 June 2002 have been issued subject to a condition prohibiting the mining of uranium. While there is no such restriction on the Company exploring and evaluating its uranium prospects, the development of any discovered uranium deposits will be contingent upon a change of Western Australia State Government policy in relation to uranium production. There can be no assurance that the policy will change in the future and this may adversely affect the long-term prospects of the Company.

Native Title and Land Access

Risks arise because of native title and aboriginal land rights which may affect the Company's ability to gain access to prospective exploration areas and to obtain exploration and production titles. Compensatory obligations may be necessary in settling native title claims lodged over any of the applications or tenements held or acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company.

1. CORPORATE DIRECTORY & IMPORTANT DATES

CORPORATE DIRECTORY

Directors

Phillip Jackson Non-Executive Chairman
Robert Taylor Executive Director
Garry O'Hara Executive Director

Company Secretary

Peter Rutledge

Solicitor

Mark Edwards
4 Kangaroo Place
Yallingup WA 6282

Auditors

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9323 2000
Facsimile: + 61 8 9323 2033

IMPORTANT DATES*

Announcement of Offer	4 March 2008
Lodgement of Prospectus and Appendix 3B	7 March 2008
Notice sent to Shareholders containing information required by Appendix 3B	10 March 2008
Shares commence trading ex Entitlements	12 March 2008
Record Date for determining Entitlements.	18 March 2008
Prospectus dispatch date and opening date	25 March 2008
Closing Date of the Offer	8 April 2008
Deferred settlement trading commences	9 April 2008
Notification to ASX of under subscriptions	10 April 2008
Issue of Options & dispatch of holding statements	15 April 2008

* These dates are indicative only and are subject to change without notice, subject to the provisions of the Corporations Act and the Listing Rules. The Directors may extend the period of the Offer at their discretion.

2. CHAIRMAN'S LETTER

Dear Shareholders

As indicated in the June 2007 Prospectus your Directors foreshadowed a proposal for an offer of Options to Shareholders of the Company 6 months after the commencement of trading of the Company's shares on ASX. This Prospectus contains that offer and I urge all Shareholders to consider this opportunity carefully.

All Shareholders registered as at 5pm WST on 18 March 2008 will be entitled to participate in this non-renounceable entitlement offer of Options on the basis of one (1) Option for every four (4) Shares held as at the Record Date.

The closing date for acceptance of the Offer is 8 April 2008. The Directors of Desert Energy who hold shares in the Company intend taking up their entitlement.

The Directors take this opportunity to thank all Shareholders for their support since the Company's listing on the ASX.

Please feel free to contact me if you have any queries.

Yours faithfully

Phillip Jackson
Chairman

3. DETAILS OF THE OFFER

3.1 Details of the Offer

This Prospectus is for a pro-rata non-renounceable entitlement offer of Options at an issue price of one cent (\$0.01) each to Shareholders on the basis of one (1) Option for every four (4) shares held at the Record Date. The principal purpose of the Offer is to provide a benefit to Shareholders who have retained their Shares through to the Record Date by enabling them to acquire Options to subscribe for additional Shares in the Company at an exercise price of 25 cents each and with an expiry date of 30 April 2010.

Assuming that existing holders of unlisted options do not exercise their options prior to the Record Date, the Company will raise approximately \$205,667 from the Offer (before costs of the Offer). These funds will be applied initially towards the costs of the Offer with the balance to be applied towards working capital.

In the calculation of any Entitlement, fractions will be rounded down to the nearest whole number.

3.2 Acting on your Entitlement

The number of Options to which you are entitled is calculated at the Record Date as is shown on the Entitlement and Acceptance Form which accompanies this Prospectus.

As a Shareholder, you may accept your Entitlement in whole or in part only or do nothing (in which case you will receive no benefit from your Entitlement).

If you wish to take up all or part of your Entitlement, you will need to complete the Entitlement and Acceptance Form in accordance with the instructions set out in the form.

Cheques should be made payable to **“Desert Energy Ltd – Trust Account”** and crossed **“Not Negotiable”**.

Your acceptance cannot exceed your Entitlement as shown on the Entitlement and Acceptance form. If it does, your acceptance will be deemed to be for the maximum Entitlement and any surplus application monies will be returned.

This Offer is non-renounceable and accordingly, Shareholders may not sell or transfer their Entitlement.

Your completed Entitlement and Acceptance Form together with the application monies must be received no later than 5pm WDST on the Closing Date, subject to the right of the Company to extend the Offer Period (in accordance with the Corporations Act and Listing Rules).

No interest will be payable to Applicants on application monies and any interest earned thereon will be retained by the Company irrespective of whether any Options are issued pursuant to the Offer.

If the Offer does not proceed, application monies will be refunded as soon as practicable after the Closing Date and in any event, no later than 14 days after the Closing Date or such later date as the Directors may determine consistent with the Corporations Act and the Listing Rules.

Please forward your completed Entitlement and Acceptance Form, together with your cheque made payable to “**Desert Energy Limited –Trust Account**” to:

<i>by post to</i>	<i>or delivered to</i>
Desert Energy Limited c/- Computershare Investor Services Pty Ltd GPO Box D182 PERTH WA 6840	Desert Energy Limited c/- Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace PERTH WA 6000

3.3 Minimum subscription and over-subscriptions

There is no minimum subscription and over-subscriptions will not be accepted.

3.4 Stock Exchange quotation

The Company will apply to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Options offered under this Prospectus.

If ASX does not grant permission for Official Quotation of the Options within three (3) months after the date of this Prospectus, or such longer period as may be allowed by ASIC, none of the Options offered by this Prospectus will be allotted or issued and the Company will repay all application monies received (without interest).

The fact that ASX may grant Official Quotation of the Options is not to be taken in any way as an indication of the merits of the Company or the Options now offered for subscription.

3.5 Closing Date of the Offer

The Closing Date for receipt of acceptance is 5pm WDST on 8 April 2008. The Directors reserve the right, in their absolute discretion, to extend the Closing Date, subject to compliance with the Listing Rules and the Corporations Act.

3.6 Allotment and Issue of Options

Allotment and issue of Options will take place within 7 days of the Closing Date. Application monies will be held in a subscription account until the issue of Options has been made. This account has been established and will be kept by the Company in trust for each Applicant. Any interest earned on the application monies will be for the benefit of the Company and will be retained by the company irrespective of whether the issue of Options takes place.

If no issue of Options is made, all application monies will be refunded, without interest, as soon as practicable.

No options will be allotted and issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

3.7 Underwriting

By an underwriting agreement dated 4 March 2008 and made between the Company and Aurora Minerals Limited (“ARM”), ARM agreed to underwrite any shortfall arising under the Offer as a result of any shareholders in the Company not taking up their full entitlements under the Offer. Under the underwriting agreement no fees are payable to ARM. ARM must lodge applications for the shortfall options and pay the subscription price therefore within 2 days of being notified by the Company of the shortfall following the end of the offer period for the Offer. The Underwriting Agreement is unconditional. The Options representing the shortfall will be issued to ARM no later than 15 business days from the end of the offer period.”

3.8 Overseas Shareholders

Except as specified below, the Offer constituted by this Prospectus is made to holders of Shares in the Company with registered addresses in Australia and New Zealand only.

The Company is of the view that it is unreasonable to make an offer under this Prospectus to Shareholders with registered addresses outside of Australia and New Zealand having regard to:

- The number of shareholders with registered addresses in countries outside of Australia and New Zealand;
- The number and value of the securities to be offered to shareholders outside of Australia and New Zealand; and
- The cost of complying with the legal requirements and requirements of regulatory authorities in the relevant overseas jurisdictions.

Accordingly, the Company is not required to make offers under the Prospectus to Shareholders with registered addresses outside of Australia and New Zealand.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions.

The Company reserves the right to extend the Offer to any shareholder with a registered address outside Australia and New Zealand if the Company is satisfied that it would be lawful to extend the Offer to such shareholder and to issue Options to such shareholder if the Offer is accepted.

3.9 Enquiries

If you have any queries regarding your Entitlement, or how to apply for Options, please contact the Company on 08 9218 8711.

4. RISK FACTORS

4.1 Introduction

Exploration and mining companies throughout the world are subject to the inherent risks of the minerals industry.

Investors should be aware that an investment in the Company (and any subsidiaries) involves a number of risks. Intending investors should read the whole of this section and the Companies ASX Announcements (including the 2007 Desert Energy IPO Prospectus); in order to fully appreciate such matters and the manner in which the Company intends to operate, before any decision is made to trade in the Company's securities.

The following summary, which is not exhaustive, lists some of the major risk factors, of which potential investors need to be aware.

Companies operating in Australia are subject to the relevant laws in those jurisdictions.

These include, in the case of Western Australian tenements;

- the Western Australian Mining Act 1978,
- the Commonwealth Native Title Act;
- the relevant State and Federal environmental and occupational health and safety legislation;
- Mining tenements in Western Australia are also subject to statutory requirements of certain other Acts including the Aboriginal Heritage Act 1972, Environmental Protection Act 1971, Rights in Water and Irrigation Act 1914 and Conservation and Land Management Act 1984.

4.2 Summary

The future viability and profitability of the Company as an exploration and mining company will depend on a number of factors, including:

4.2.1 Tenements

- Risks associated with obtaining the grant of any or all of the Company's tenement applications, or renewal of granted tenements upon expiry of their current term, including the grant of subsequent titles where applied for over the same ground;
- Generally the grant or refusal of tenements is subject to ministerial discretion and there is no certainty that the tenements applied for will be granted;
- Applications are also subject to additional processes and requirements under the Native Title Act;
- No legal or equitable interest in or affecting an exploration licence application can be transferred or dealt with while it is at the application stage;
- Following grant, no legal or equitable interest in or affecting a granted exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the relevant Western Australian Government minister ("Minister");

- The Company's ability to mine, in the event that exploration on an exploration tenement owned by the Company, or in which the Company has an interest, results in an economic deposit being discovered is contingent on the grant of a mining lease or other production tenement. The grant or refusal of production tenements is generally subject to ministerial discretion and there is no certainty that a production tenement will be granted;
- Any mining lease granted in Western Australia would in any event under current Government policy be subject to a prohibition on uranium mining.

4.2.2 Native Title and Heritage Matters

- Tenement applications and granted tenements are subject to the processes and requirements of the Native Title Act;
- The risks associated with being able to successfully negotiate with the relevant Native Title claimants or holders, to obtain access to land, including to conduct heritage and environmental surveys, and for prospecting, exploration and mining. Such negotiations are time and capital consuming and are not guaranteed of success;
- Any application for a production tenement (or even in some cases, an exploration tenement) may be subject to the right to negotiate process under the Native Title Act in which case the grant of a valid tenement may require either the successful negotiation of an agreement with the native title claimants or holders or alternatively a successful application to the National Native Title Tribunal that the production tenement be granted.;
- The right to negotiate process under Native Title matters can result in significant delays to the implementation of any exploration or mining or stall it or in some cases result in a company being unable to obtain a valid tenement at all.
- Negotiated native title agreements may adversely impact on the economics of exploration or mining depending on the nature of any commercial terms agreed;
- The requirements of the Aboriginal Heritage Act may delay or prevent the Company conducting activities on areas which do or may contain sites of significance to Aboriginal people.

4.2.3 Personnel Availability

- In the very competitive environment of the current minerals boom, particularly in Western Australia, the availability and high cost of exploration and mining personnel, contractors and equipment for exploration and mining, and corporate and administration personnel and the cost of identifying, negotiating with and engaging the same and keeping them, is an important issue affecting exploration companies and can lead to significant delays in conducting exploration and mining activities.

4.2.4 Environmental

There are environmental management issues which may need to be complied with from time to time. There are very substantive legislative and regulatory regimes with which companies need to comply for land access, exploration and mining which can lead to significant delays.

4.2.5 Weather and Access

- Many of the Company's projects are in remote areas and are subject to access and weather issues;
- Poor access to exploration areas as a result of remoteness or difficult terrain;
- Poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues. This varies from high temperatures in summer, cyclones or alternatively very wet periods, each of which can disrupt or curtail exploration for considerable periods.

4.2.6 Repairs

- Unforeseen major failures, breakdowns or repairs required to key items of exploration equipment and vehicles, mining plant and equipment or mine structure resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep.

4.2.7 Government Policy and Legislation

- The risk of material adverse changes in the government policies or legislation of Australia affecting the level and practicality of mining and exploration activities.

4.3 Further Information

- Risks inherent in exploration and mining including, among other things, the uncertainty of exploration being successful in identifying ore reserves, satisfactory performance of mining operations if a mineable deposit is discovered and risks associated with engaging and retaining competent management and adequate skilled and unskilled employees..

4.4 Uranium Mining – Australian Government Regulation and Policy

Uranium mining in Australia is subject to extensive regulation by Commonwealth and State Governments in relation to exploration, development, production, export, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Accordingly, the approval processes for uranium mining are more rigorous than for the mining of other metals, due to the need to comply with such laws and regulations. Compliance with such laws and regulations will increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. Further, there is a risk that, should economic deposits be discovered, the necessary government approvals may not be granted, or may be significantly delayed.

Although Western Australia currently has no legislation that prohibits uranium mining, there is a State Government policy prohibiting uranium mining. All mining leases granted since 22 June 2002 have been issued subject to a condition prohibiting the mining of uranium. While this does not restrict the Company exploring and evaluating its uranium prospects, the development of any discovered uranium deposits will be contingent upon a change of Western Australia State Government policy in relation to uranium production. There can be no assurance that the policy will change in the future and this may adversely affect the long-term prospects of the Company.

4.5 Land Access

In 2006-2007 a large number of the Company's Western Australian exploration licences were applied for. A significant number of these are now granted, and the remainder are the subject of native title claimant objections.

The Company closely monitors the progress of its tenement applications and the Company has engaged a tenement consultant to assist with the process from the outset.

Delays to the grant of tenements of more than 12 months can occur if objections are lodged, under either the Mining Act or Native Title Act.

Native title objections to exploration licences can sometimes be overcome if an applicant and an affected native title claimant/holder sign a standard heritage agreement, which facilitates the future survey and protection of heritage sites in areas of ground disturbing activities. However, many claimants appear to have moved away from supporting this process and in the areas affected by their claims, it is expected that delays in the granting of applications, and in conducting heritage surveys and exploration, may be experienced.

4.6 Heritage Surveys

Aboriginal heritage site clearances are sometimes not required for low impact activities such as the soil and rock chips sampling and airborne geophysical surveys, which the Company is currently focused on.

To ensure that that the Company does not contravene legislation while carrying out drilling on its tenements, the Company understands it would generally need to conduct heritage surveys to determine if any Aboriginal sites exist within the area of the drilling. If so, the Company would also need to ensure that any interference with such Aboriginal sites is in conformity with the provisions of the Aboriginal Heritage Act and the Commonwealth Heritage Act.

In order to achieve site clearance in accordance with heritage agreements in areas it wishes to conduct drilling, the Company is and will be reliant on the timely, efficient and reasonable co-operation of the relevant Aboriginal people with connections to the land (often the Native Title claimants for the area) and those who represent them.

4.7 Environmental Risk

The Company's projects are subject to stringent laws and regulations regarding environmental matters, which means there are potential liability risks and potential delays in gaining access for exploration or mining. The Company proposes to operate in accordance with applicable laws and conduct its programmes in a responsible manner with proper regard to the environment.

The approval processes for uranium mining are more rigorous than for the mining of other metals, as both Commonwealth and State Government legislation needs to be satisfied. There is a risk that, should economic deposits be discovered, the necessary government approvals may not be granted, or may be significantly delayed.

4.8 Exploration and Development Capital

Exploration will reduce the cash reserves of the Company. The Company may be dependent on seeking additional exploration capital, through equity raisings, debt, spin offs or joint venture financing, to support medium to long term exploration and evaluation of its projects. In the event that an economic deposit is discovered, the ability to exploit such a deposit is likely to be subject to the Company's ability to raise the necessary development finance through equity raisings, debt, spin offs or joint venture financings. The Company cannot provide any guarantees that such finance for exploration, or for mining will be available to the Company at such time in the future as it may require and this could lead to the loss of tenements or inability to proceed with exploration or development..

4.9 Liquidity and Realisation Risks

There can be no guarantee that an active market in Securities will develop or that the price of Securities will increase. Moreover, there may be relatively few buyers or a relatively high number of sellers of the Securities on the ASX at any given time, which may increase not only the volatility of the market price of the Securities but also the prevailing price at which the Shareholders can sell their Securities. This may result in Shareholders receiving a market price for their Securities that is less than the price paid for their Securities.

4.9.7 Sharemarket Conditions

The price of the Company's shares quoted on the ASX is influenced by international and domestic factors or even on a day to day basis by individual investors' decisions to buy or sell the Company's securities.

Should these produce a negative effect on the share price, this may also affect the Company's ability to raise development capital.

4.11 General Economic Factors and Investment Risks

General economic conditions may affect inflation and interest rates which in turn may impact upon the Company's operating costs and financing. The price of the minerals or other commodities the Company is exploring for may also fluctuate and affect the economics of the Company's activities and its ability to raise capital. Other factors that may adversely affect the Company's activities in Australia or overseas include changes in government policies, natural disasters, industrial disputes, and social unrest or war on a local or global scale and commodity prices and exchange rates, which are constantly changing.

4.12 Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Company's securities.

Therefore, the Company's securities carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that investment in the Company is speculative and should consult their professional advisers before deciding whether to trade in the Company's securities.

4.13 Unforeseeable Risks

There are likely to be risks that the Directors and the Company and its advisors are unaware of or do not fully appreciate at any point in time. Over time or with the benefit of hindsight these sometimes become apparent. Such risks may be related to legislation, regulation, business conditions, land access, personnel or equipment availability, conflicts and disputes at a local or international level, data issues and a variety of other unforeseen eventualities.

4.14 Forward Looking Statements

Forward-Looking Statements are statements included herein, including regarding future ability to finance projects and other statements that express management's expectations or estimates regarding the timing of completion of various aspects of the projects' development or of our future performance, constitute "forward-looking statements".

The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "aims", "continue", "budget", "estimate", "may", "will", "schedule", and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

In particular, the Company's announcements and presentations include many such forward-looking statements and such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Company to be materially different from its estimated future results, performance or achievements expressed or implied by those forward-looking statements and its forward-looking statements are not guarantees of future performance.

These risks, uncertainties and other factors are included in the Risks section of the Company's website and 2007 Desert Energy Limited IPO Prospectus available on the Desert Energy and ASX websites.

The Company expressly disclaims any current intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except where required by law.

5.0 ADDITIONAL INFORMATION

5.1 Listing on ASX and Capital Structure

The Company was admitted to the Official List on 13 August 2007 with Official Quotation of its Shares commencing on 15 August 2007 following the issue of 40 million Shares to raise \$8 million.

Capital Structure

At the date of this Prospectus, the Company has 82,271,001 Shares on issue, 40,000,001 of which are quoted on the ASX. In addition, at the date of this Prospectus the Company has the following Options on issue:

Table 1

Options	Number
Non-quoted Options (exercisable at \$0.34017 each, expiring 31 October 2014)	7,500,000
Non-quoted Options (exercisable at \$0.34017 each, expiring 30 November 2010)	3,700,000
Non-quoted Options (exercisable at \$0.372 each, expiring 30 November 2010)	2,000,000
Non-quoted Options (exercisable at \$0.31 each, expiring 30 November 2012)	740,000
Total	13,940,000

Notes:

1. Pursuant to chapter 9 of the ASX Listing Rules a number of the Shares issued prior to ASX listing are subject to ASX escrow requirements. 40,000,000 Shares are restricted securities and will not be released from escrow until 15 August 2009
2. 2,271,999 Shares have only recently been issued and are expected to be quoted on the ASX in the near future. The balance of the Shares on issue, being 40,000,001 Shares, are quoted and freely tradeable on ASX.
3. Provided that all Shareholders take up their entitlement, and assuming that none of the options listed in Table 1 above are exercised before the Record Date, upon completion of the Issue the total number of Options on issue will be 34,507,750 , of which 13,940,000 will be non-quoted.
4. If the holders of unlisted options who were able to exercise their options, exercised them prior to the Record Date and then took up their resulting entitlements to Options pursuant to this Prospectus, this would result in an additional 3,300,000 Options being issued and an additional \$4,553,904 being raised from the paying up of the exercise of the unlisted options.
5. Options are exercisable at 25 cents each and will have an expiry date of 30 April 2010. Full terms and conditions of the Options are provided elsewhere in this Prospectus.

5.2 Continuous Disclosure and Documents Available for Inspection

The Company will provide a copy of each of the following documents, free of charge, to a person who so requests during the application period pursuant to this Prospectus:

- a) the Financial Report for the Company for the year ending 30 June 2007 (being the last financial report for a financial year to be lodged with the ASIC in relation to the Company before the issue of this Prospectus); and
- b) any half year financial report lodged with ASIC by the Company after the lodgement of the annual financial report referred to in (a) above but before the lodgement of this Prospectus with ASIC; and
- c) any continuous disclosure notices given by the Company to the ASX during the period after lodgement of the Financial Report of the Company for the year ending 30 June 2007 and before the lodgement of this Prospectus with ASIC, as set out below:

Lodgement Date	Headline/Description of Announcement
13 August 2007	Admission to Official List
13 August 2007	ASX Circular- Commencement of Official Quotation
13 August 2007	Distribution Schedule
13 August 2007	Top 20 Shareholders
13 August 2007	Pre-Quotation Disclosure
13 August 2007	Conf & Completion Sale Agreement with Aurora Minerals
13 August 2007	Appendix 1A
13 August 2007	Restricted Securities- Number & Escrow Period
13 August 2007	Constitution
15 August 2007	Investor Presentation
15 August 2007	Initial Directors Interest Notice x 2
15 August 2007	Becoming a Substantial Shareholder by Aurora Minerals
16 August 2007	Commencement of Exploration
19 September 2007	September Exploration Update
19 September 2007	Strong Radiometric Anomalies Detected at Charlie Prospect
20 September 2007	Amended September Exploration Update
28 September 2007	Full Year Statutory Accounts
8 October 2007	Downs Radiometric Results
19 October 2007	Capricorn Exploration Update (Aurora Minerals Limited)
23 October 2007	Date of Annual General Meeting
23 October 2007	Camel Hills Exploration Update
30 October 2007	Notice of Annual General Meeting
30 October 2007	Annual Report
31 October 2007	Quarterly Cash Flow Report
31 October 2007	Quarterly Activities Report
21 November 2007	Consultants Options Prospectus
23 November 2007	Change in Substantial Shareholder
29 November 2007	Successful VTEM Survey- Capricorn
30 November 2007	Results from Annual General Meeting
30 November 2007	Appendix 3B- Issue of Director and Consultant Options
6 December 2007	Appendix 3Y-Change in Directors Interest x 3
10 December 2007	More Carnotite / Extended Radiometric Anomaly Downs East
11 December 2007	Employee Options Issue Prospectus
14 December 2007	More High Grade Results Downs East
17 December 2007	Appendix 3B- Issue of Options to Stockbroking Firms
18 December 2007	Appendix 3B- Issue of Employee Options
21 January 2008	Quarterly Activities Report
30 January 2008	Large Radiometric Anomalies at Lyons River & Macadam Plain
31 January 2008	Quarterly Cash Flow Report
20 February 2008	February 2008 Aurora Group Presentation
27 February 2008	Placement
27 February 2008	Notice under s708A of Corporations Act
29 February 2008	Half-Year Accounts
4 March 2008	Non-Renounceable Entitlement Offer of Options
4 March 2008	Appendix 3B
4 March 2008	Amended Non-Renounceable Entitlement Offer of Options

5.3 Tenement Information

Set out below is a table containing details of the current status of the Company's tenement holdings following the issue of the June 2007 Prospectus. All tenements are exploration licences or applications for exploration licences.

Tenements Subject of Sale Agreement with Aurora Resources Pty Ltd

PROJECT	TENEMENT	GRANT STATUS	TITLE HOLDER	NATIVE TITLE STATUS
Gascoyne Uranium				
Yannarie	E08/1674 (A)	Granted	Aurora Resources Pty Ltd	
Yannarie	E08/1675	Application	Aurora Resources Pty Ltd	NT
Yannarie	E08/1676	Application	Aurora Resources Pty Ltd	NT
Yannarie	E08/1677	Application	Aurora Resources Pty Ltd	NT
Yannarie	E08/1704	Application	Aurora Resources Pty Ltd	NT
Yannarie	E09/1382 (A)	Granted	Aurora Resources Pty Ltd	
Minnie Creek	E08/1316 (A)	Granted	Aurora Resources Pty Ltd	
Minnie Creek	E09/1334 (A)	Granted	Aurora Resources Pty Ltd	
Minnie Creek	E09/1335 (A)	Granted	Aurora Resources Pty Ltd	
Minnie Creek	E09/1348 (A)	Granted	Aurora Resources Pty Ltd	
Minnie Creek	E09/1351 (A)	Granted	Aurora Resources Pty Ltd	
Limejuice	E09/1349 (A)	Granted	Aurora Resources Pty Ltd	
Limejuice	E09/1350 (A)	Granted	Aurora Resources Pty Ltd	
Limejuice	E09/1352 (A)	Granted	Aurora Resources Pty Ltd	
Limejuice	E09/1366 (A)	Granted	Aurora Resources Pty Ltd	
Lyons River	E09/1365 (A)	Granted	Aurora Resources Pty Ltd	
Lyons River	E09/1367 (A)	Granted	Aurora Resources Pty Ltd	
Lyons River	E09/1384	Application	Aurora Resources Pty Ltd	NT
Lyons River	E09/1385	Application	Aurora Resources Pty Ltd	NT
Yarragner	E09/1360 (A)	Granted	Aurora Resources Pty Ltd	
Yarragner	E09/1361	Application	Aurora Resources Pty Ltd	NT
Yarragner	E09/1393	Application	Aurora Resources Pty Ltd	NT
Cobra	E09/1390	Application	Aurora Resources Pty Ltd	MA
Cream	E09/1391	Application	Aurora Resources Pty Ltd	NT
MacAdam Plain	E09/1354	Application	Aurora Resources Pty Ltd	NT
MacAdam Plain	E09/1355	Application	Aurora Resources Pty Ltd	NT
Glenburgh	E52/1981	Application	Aurora Resources Pty Ltd	NT
Glenburgh	E52/1982	Application	Aurora Resources Pty Ltd	NT
Robinson Range	E52/1999	Application	Aurora Resources Pty Ltd	NT
Robinson Range	E52/2000	Application	Aurora Resources Pty Ltd	NT
Robinson Range	E52/2001	Application	Aurora Resources Pty Ltd	NT
Robinson Range	E52/2002	Application	Aurora Resources Pty Ltd	NT
North Murchison Uranium				
Beringarra	E09/1362	Application	Aurora Resources Pty Ltd	NT
Beringarra	E09/1363	Application	Aurora Resources Pty Ltd	NT
Gould	E52/2003	Application	Aurora Resources Pty Ltd	MA
Gould	E52/2004	Application	Aurora Resources Pty Ltd	MA
Charlie	E57/668	Granted	Aurora Resources Pty Ltd	
Charlie	E51/1173 (A)	Granted	Aurora Resources Pty Ltd	
Randell	E51/1153 (A)	Granted	Aurora Resources Pty Ltd	
Randell	E51/1179 (A)	Granted	Aurora Resources Pty Ltd	

PROJECT	TENEMENT	GRANT STATUS	TITLE HOLDER	NATIVE TITLE STATUS
Chesterfield	E51/1176	Application	Aurora Resources Pty Ltd	MA
Chesterfield	E51/1177	Application	Aurora Resources Pty Ltd	MA
Chesterfield	E51/1178	Application	Aurora Resources Pty Ltd	MA
Chesterfield	E51/1181	Application	Aurora Resources Pty Ltd	MA
Chesterfield	E51/1182	Application	Aurora Resources Pty Ltd	MA
Chesterfield	E51/1183	Application	Aurora Resources Pty Ltd	MA
Chesterfield	E51/1200	Application	Aurora Resources Pty Ltd	MA
Chesterfield	E51/1201	Application	Aurora Resources Pty Ltd	MA
Chesterfield	E51/1202	Application	Aurora Resources Pty Ltd	MA
Chesterfield	E51/1203	Application	Aurora Resources Pty Ltd	MA
Chesterfield	E51/1221	Application	Aurora Resources Pty Ltd	MA
Chesterfield	E51/1222	Application	Aurora Resources Pty Ltd	MA
Chesterfield	E51/1224	Application	Aurora Resources Pty Ltd	
Limestone	E51/1180 (A)	Granted	Aurora Resources Pty Ltd	
Downs West	E51/1171 (A)	Granted	Aurora Resources Pty Ltd	
Downs East	E51/1172 (A)	Granted	Aurora Resources Pty Ltd	
Cave	E37/874 (A)	Application	Aurora Resources Pty Ltd	
Cave	E37/875	Application	Aurora Resources Pty Ltd	
South Murchison Uranium				
Mystery	E59/1289	Application	Aurora Resources Pty Ltd	MA
Ninghan	E59/1290	Application	Aurora Resources Pty Ltd	NT
Ninghan	E59/1291	Application	Aurora Resources Pty Ltd	NT
Ninghan	E59/1292	Application	Aurora Resources Pty Ltd	NT
Pickano	E59/1293	Application	Aurora Resources Pty Ltd	NT
Pickano	E59/1294	Granted	Aurora Resources Pty Ltd	
Tallering	E59/1295	Application	Aurora Resources Pty Ltd	MA
Tallering	E59/1296	Application	Aurora Resources Pty Ltd	MA
Tallering	E59/1297	Application	Aurora Resources Pty Ltd	MA
Tallering	E59/1298	Application	Aurora Resources Pty Ltd	MA
Perenjori	E59/1299	Application	Aurora Resources Pty Ltd	NT
Perenjori	E59/1300	Granted	Aurora Resources Pty Ltd	
Perenjori	E59/1301	Application	Aurora Resources Pty Ltd	NT
Old Station	E57/672	Application	Aurora Resources Pty Ltd	NT
Old Station	E57/673	Granted	Aurora Resources Pty Ltd	
Dawson	E59/1284	Application	Aurora Resources Pty Ltd	NT

The above tenements are all the subject of a Sale Agreement with Aurora Resources Pty Ltd, a wholly-owned subsidiary of Aurora Minerals Ltd, which provides for the transfer of the tenements to Desert Energy Limited as they are granted subject to the consent of the Minister for Industry and Resources under the Mining Act in relation to each Exploration Licence.

(A) denotes that approval to transfer of an exploration licence from Aurora Resources Pty Ltd to Desert Energy Limited has been granted by the Minister for Industry and Resources under the Mining Act. Transfers have been lodged with the Office of State Revenue to allow for stamp duty assessment prior to the Licences being transferred.

Further details were contained in the Company's June 2007 Prospectus.

Tenements Subject of Deed of Sub-Licence with Aurora Minerals Limited

PROJECT	TENEMENT	GRANT STATUS	TITLE HOLDER	NATIVE TITLE STATUS
Gascoyne Uranium				
Glenburgh	E09/1353	Application	Aurora Resources Pty Ltd	NT
Glenburgh	E09/1368	Application	Aurora Resources Pty Ltd	NT
Glenburgh	E52/1969	Granted	Aurora Resources Pty Ltd	
Glenburgh	E52/1983	Application	Aurora Resources Pty Ltd	NT
Glenburgh	E52/1988	Application	Aurora Resources Pty Ltd	NT
Glenburgh	E52/1989	Application	Aurora Resources Pty Ltd	NT
Glenburgh	E52/1990	Application	Aurora Resources Pty Ltd	NT
North Murchison Uranium				
Beringarra	E20/642	Granted	Aurora Resources Pty Ltd	

The licences referred to above are subject of a Deed of Sub Licence with Aurora Minerals Limited, for Desert Energy Limited to acquire the rights to calccrete uranium on the tenements. The sub-licence as it applies in relation to each exploration licence is subject to the consent of the Minister for Industry and Resources.

(A) denotes that approval of the Minister of Industry and Resources has been granted under the Mining Act for the sublicensing of that exploration licence.

Tenements held in the name of Desert Energy Limited

PROJECT	TENEMENT	GRANT STATUS	TITLE HOLDER	NATIVE TITLE STATUS
Gascoyne Uranium				
Yannarie	E08/1800	Application	Desert Energy Limited	NT
Yannarie	E08/1802	Application	Desert Energy Limited	
North Murchison Uranium				
Limestone	E51/1259	Application	Desert Energy Limited	
Downs East	E51/1264	Application	Desert Energy Limited	
Downs East	E53/1370	Application	Desert Energy Limited	
Downs East	E53/1371	Application	Desert Energy Limited	
Downs East	E53/1372	Application	Desert Energy Limited	
Charlie	E57/747	Application	Desert Energy Limited	
Charlie	E57/748	Application	Desert Energy Limited	

Native Title Status:

NT: Denotes objection under the Native Title Act by Claimant

MA: Denotes Mining Act objection by Claimant

5.4 Trading history

Official quotation of the Company's Shares commenced on 15th August 2007. The highest and lowest recorded market sale prices of the Shares quoted on ASX during the period from commencement of Official Quotation to the date of this Prospectus were \$0.39 on 26th March 2008 and \$0.13 on 13th and 14th September 2007 respectively. The Company has no options (to subscribe for Shares) that are currently quoted on ASX.

The last market sale price of the Shares on the ASX on the last day that trading took place in these Shares prior to the date of this Prospectus was \$0.34 on 6 March 2008.

5.5 Pro-Forma Balance Sheet

The Pro Forma Balance Sheet appearing below is the balance sheet for the Company as at 31 December 2007 which has been reviewed by the Company's auditors but adjusted to show the effect on that balance sheet of the following:

- a) An increase in cash assets of \$205,677, reduced by the expenses of the Offer of approximately \$22,000. Contributed equity is increased by approximately \$183,677.
- b) An increase in cash assets of \$794,850 as a result of the share placement announced 27 February, reduced by expenses of the placement of approximately \$47,691. Contributed equity is increased by approximately \$747,159.

UNAUDITED BALANCE SHEET FOR COMPANY PRO-FORMA REFLECTING PROPOSED OPTIONS ISSUE

	Reviewed 31 December 2007 \$	Unaudited Proforma \$
ASSETS		
Current Assets		
Cash and cash equivalents	6,529,446	7,460,3186
Receivables	191,313	191,313
Other Assets	3,708	3,708
Total Current Assets	<u>6,724,467</u>	<u>7,655,339</u>
Non Current Assets		
Plant & Equipment	124,601	124,601
Total Non Current Assets	<u>124,601</u>	<u>124,601</u>
Total Assets	<u>6,849,068</u>	<u>7,779,940</u>
LIABILITIES		
Current Liabilities		
Payables	264,585	264,585
Total Current Liabilities	<u>264,585</u>	<u>264,585</u>
Total Liabilities	<u>264,585</u>	<u>264,585</u>
Net Assets	<u>6,584,483</u>	<u>7,515,355</u>
EQUITY		
Issued Capital	7,612,918	8,543,790
Share-based payments reserve	1,388,140	1,388,140
Accumulated losses	(2,416,575)	(2,416,575)
Total Equity	<u>6,584,48</u>	<u>7,515,335</u>

5.6 Terms and Conditions of Options

The options offered pursuant to this Prospectus will be issued on the following terms:

- i. One Option entitles the holder to subscribe for one Share;
- ii. The exercise price of each Option is 25 cents;
- iii. The Options will have an expiry date of 30 April 2010
- iv. Shares issued as a result of the exercise of any Options will rank equally in all respects with Shares. The Company will apply for Official Quotation by ASX of all Shares issued upon exercise of the Options within three business days after the date of allotment of those Shares;
- v. The Options are exercisable by completing the application for exercise of Options and delivering the same together with payment for the number of shares in respect of which the Options are exercised to the registered office of the Company;
- vi. The Options are freely transferable in whole or part at any time prior to expiry and application will be made to ASX for Official Quotation of the Options;
- vii. Within 14 days of receipt of a properly executed notice of exercise and application monies the Company will issue to the Option holder the number of Shares specified in that notice;
- viii. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. Option holders are permitted to participate in new issues of securities offered to Shareholders on the prior exercise of the Options in which case the Option holder shall be afforded the period of at least 10 business days prior to the record date (to determine the entitlements to the issue) to exercise the Option; and
- ix. In the event of any reorganization (including consolidation, subdivision, reduction or cancellation) of capital of the Company, the rights of Option holders are to be changed to the extent necessary to comply with ASX Listing Rules on a reorganisation of capital at the time of the reorganisation. In the event of a reorganization of capital of the Company, the Company may vary the number of options, exercise price or exercise period or other terms and conditions in such manner as is necessary to comply with the requirements of the ASX Listing Rules

5.7 Rights attaching to Shares upon Conversion of Options

There is only one class of shares on issue in the Company being fully paid ordinary shares. The rights attaching to Shares in the Company are:

- a) set out in the constitution of the Company, a copy of which is available for inspection at the registered office of the Company during normal business hours; and

- b) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and the general law.

The following is a summary of the principal rights of the holders of Shares in the Company. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

Voting

Every holder of shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of shares who is present in person or by proxy, attorney or representative has one vote for every fully paid share held by him or her, and a proportionate vote for every partly paid share, registered in such shareholder's name on the Company's share register.

A poll may be demanded by the chairman of the meeting, by any five shareholders present in person or by proxy, attorney or representative, or by any one or more shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the shares of all those shareholders having the right to vote at that meeting.

Dividends

Dividends are payable out of the Company's profits and are declared by the Directors.

Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act, the ASTC Settlement Rules, the ASX Listing Rules and any other laws, Shares are freely transferable. The Company may decline to register a transfer of Shares in limited circumstances, such as where the transfer is not in registrable form.

Meetings and Notice

Each shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution of the Company, the Corporations Act or the Listing Rules.

Liquidation Rights

The Company has only issued one class of shares, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of shareholders divide the whole or any part of the remaining assets of the Company. The liquidator can with the sanction of a special resolution of the Company's shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other securities in respect of which there is any liability.

Shareholder Liability

As the shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration to the Constitution

The constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

ASX Listing Rules

If the Company is admitted to the Official List of ASX, then despite anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

5.8 Interests of Directors and Fees Payable

5.8.1 At the date of this Prospectus the relevant interest of each of the Directors in the Shares and Options of the Company are as follows:

<i>Director</i>	<i>No of Shares Held Directly</i>	<i>No of Shares Held Indirectly</i>	<i>No of Options Held Directly</i>	<i>No of Options Held Indirectly</i>	<i>Total</i>
Phillip Jackson	1,160,250	Nil	1,500,000	Nil	2,660,250
Robert Taylor	Nil	100,000 ¹	Nil	3,000,000 ²	3,100,000
Garry O'Hara	Nil	Nil	3,000,000	Nil	3,000,000

Notes:

- 1. These Shares are held by Mr Taylor as trustee for the Reindeer Super Fund Account of which Mr Taylor is a beneficiary.*
- 2. These Options are held by Mr Taylor as trustee for the Pelican Trust of which Mr Taylor is a beneficiary (1,500,000) and by the Reindeer Super Fund Account of which Mr Taylor is a beneficiary (1,500,000).*

5.8.2 Except as disclosed in this Prospectus, no director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) or proposed director has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or

- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Issue; or
- the Issue.

5.8.3 Except as disclosed below and elsewhere in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Issue.

Over the last two years, no remuneration was paid or was payable to the Directors of the Company or their associated entities.

Consultancy fees to be paid during the year ended 30 June 2008 will be paid pursuant to the following consulting agreements:

- Remuneration and other terms of engagement for the Executive Director, Dr Robert Taylor, are formalised in a consulting agreement with Able Kids Pty Ltd (“Able Kids”). The Company entered into a consulting agreement on normal commercial terms and conditions dated 11 June 2007, with Able Kids, a company of which Dr Taylor is a director and shareholder, whereby Able Kids is engaged to provide the services of Dr Taylor to the company for an annual fee of \$100,000 plus the cost of insurance with effect from the date of the company’s admission to the official list of the Australian Securities Exchange. This remuneration is based on an average of 115 working days per year.
- The Company may terminate the consulting agreement for any reason by providing four months’ written notice;
 - Should services of the director not be required during that four month period the cost to the company would be \$33,333; and
 - Able Kids may terminate the consulting agreement for any reason by providing two months’ written notice.
- Remuneration and other terms of engagement for the Chairman, Mr Phillip Jackson, are formalised in a consulting agreement with Holihox Pty Ltd (“Holihox”). The Company entered into a consulting agreement on normal commercial terms and conditions dated 11 June 2007 with Holihox, a company of which Mr Jackson is a sole director and shareholder, whereby Holihox is engaged to provide the services of Mr Jackson to the company for an annual fee of \$40,000 plus the cost of insurance with effect from the date of the company’s admission to the official list of the Australian Securities Exchange.
- The Company may terminate the consulting agreement for any reason by providing four months’ written notice;
 - Should services of the director not be required during that four month period the cost to the company would be \$13,333; and
 - Holihox may terminate the consulting agreement for any reason by providing two months’ written notice.

- Remuneration and other terms of engagement for the Executive Director, Mr Garry O’Hara, are formalised in a consulting agreement with Anketell Pty Ltd (“Anketell”). The Company entered into a consulting agreement on normal commercial terms and conditions dated 11 June 2007 with Anketell, a company of which Mr O’Hara is a director and shareholder, whereby Anketell is engaged to provide the services of Mr O’Hara to the company for an annual fee of \$100,000 plus the cost of insurance with effect from the date of the company’s admission to the official list of the Australian Securities Exchange. This remuneration is based on an average of 115 working days per year.
- The Company may terminate the consulting agreement for any reason by providing four months’ written notice;
 - Should services of the director not be required during that four month period the cost to the company would be \$33,333; and
 - Anketell may terminate the consulting agreement for any reason by providing two months’ written notice.

The Directors are also entitled to be reimbursed for travelling and other expenses which they may properly incur in carrying out their duties and any Director performing extra or special professional services for the Company may be remunerated for those services.

5.8.4 Interests of Directors In Aurora Minerals Ltd

The Directors of the Company are also Directors of Aurora Minerals Ltd (“Aurora”) which holds approximately 50% of the issued shares in the Company.

At the date of this Prospectus the relevant interest of each of the Directors in the Shares and Options of Aurora is as follows:

<i>Director</i>	<i>No of Shares Held Directly</i>	<i>No of Shares Held Indirectly</i>	<i>No of Options Held Directly</i>	<i>No of Options Held Indirectly</i>	<i>Total</i>
Phillip Jackson	2,550,000	Nil	3,000,000	Nil	5,550,000
Robert Taylor	-	3,450,000 ¹	-	6,000,000 ²	9,450,000
Garry O’Hara	3,540,000	-	6,000,000-	Nil	9,540,000

Notes:

1. *These Shares are held by Mr Taylor as trustee for the Pelican Trust of which Mr Taylor is a beneficiary.*
2. *These Options are held by Mr Taylor as trustee for the Pelican Trust of which Mr Taylor is a beneficiary (3,000,000) and by the Reindeer Super Fund Account of which Mr Taylor is a beneficiary (3,000,000).*

Companies associated with the directors, also received consulting fees on normal commercial terms in relation to the provision by those companies of the services of the directors in connection with the management of Aurora..

Over the last two years, no remuneration was paid or was payable by Aurora to the Directors of the Company or their associated entities, except as noted below:

Year Ended 30 June 2007	Base Emolument \$	Other \$	Superannuation \$	Consulting Fees \$	Options \$
Phillip Jackson	-	-	-	44,500 ¹	47,967
Robert Taylor	-	-	-	121,500 ²	398,967
Garry O'Hara	-	-	-	121,500 ³	398,967

Notes:

1. These consultancy fees were paid to Holihox Pty Ltd, a company of which Phillip Jackson is the sole director and shareholder.
2. These consultancy fees were paid to Able Kids Pty Ltd, a company of which Robert Taylor is a director and shareholder.
3. These consultancy fees were paid to Anketell Pty Ltd, a company of which Garry O'Hara is the sole director and shareholder.

Year Ended 30 June 2006	Base Emolument \$	Other \$	Superannuation \$	Consulting Fees \$	Options \$
Phillip Jackson	-	-	-	24,000 ¹	136,189
Robert Taylor	-	-	-	105,000 ²	-
Garry O'Hara	-	-	-	105,000 ³	-

1. These consultancy fees were paid to Holihox Pty Ltd, a company of which Phillip Jackson is the sole director and shareholder.
2. These consultancy fees were paid to Able Kids Pty Ltd, a company of which Robert Taylor is a director and shareholder.
3. These consultancy fees were paid to Anketell Pty Ltd, a company of which Garry O'Hara is the sole director and shareholder.

The consultancy fees paid during each of the financial years ending 30 June 2006 and 2007 respectively, detailed above, were paid pursuant to the following consulting agreements:

- Aurora entered into a consulting agreement with Holihox Pty Ltd (ACN 009 262 346) ("**Holihox**") on 26 March 2004. Pursuant to this agreement, Holihox was engaged as a consultant to Aurora commencing from the date the Aurora's securities were admitted to the Official List of ASX. On 11 June

2007, Aurora entered into a new consulting agreement with Holihox as follows:

- Holihox is engaged to provide the services of Mr Jackson to the company for an annual fee of \$40,000 plus the cost of insurance;
 - Aurora may terminate the consulting agreement for any reason by providing 6 months' written notice;
 - Should the services of the director not be required during that 6 month period the cost to the company would be \$20,000; and
 - Holihox may terminate the consulting agreement for any reason by providing 2 months' written notice.
- Aurora entered into a consulting agreement with Able Kids Pty Ltd (ACN 086 812 400) ("**Able**") on 26 March 2004. Pursuant to this agreement, Able was engaged as a consultant to Aurora commencing from the date the Aurora's securities were admitted to the Official List of ASX. On 11 June 2007, Aurora entered into a new consulting agreement with Able as follows:
 - Able is engaged to provide the services of Mr Taylor to Aurora for an annual fee of \$100,000 plus the cost of insurance;
 - Aurora may terminate the consulting agreement for any reason by providing 6 months' written notice;
 - Should the services of the director not be required during that 6 month period the cost to the company would be \$50,000; and
 - Able may terminate the consulting agreement for any reason by providing 2 months' written notice and
 - Aurora entered into a consulting agreement with Anketell Pty Ltd (ACN 009 382 290) ("**Anketell**") on 26 March 2004. Pursuant to this agreement, Anketell was engaged as a consultant to Aurora commencing from the date Aurora's securities were admitted to the Official List of ASX. On 11 June 2007, Aurora entered into a new consulting agreement with Anketell as follows:
 - Anketell is engaged to provide the services of Mr O'Hara to the company for an annual fee of \$100,000 plus the cost of insurance;
 - Aurora may terminate the consulting agreement for any reason by providing 6 months' written notice;
 - Should the services of the director not be required during that 6 month period the cost to the company would be \$50,000; and
 - Anketell may terminate the consulting agreement for any reason by providing 2 months' written notice.

The Directors are also entitled to be reimbursed for travelling and other expenses which they may properly incur in carrying out their duties and any Director performing extra or special professional services for Aurora may be remunerated for those services.

5.9 Legal Proceedings

There is no litigation, arbitration or proceedings threatened, pending, against or involving the Company as at the date of this Prospectus.

5.10 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the Options. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus or any other taxation consequences connected with an investment in the Options or dealing with any Entitlement in this Offer.

5.11 Expenses of the Issue

The total expenses of the issue are estimated to be \$22,000 comprising legal costs, printing and other administrative expenses, including ASX quotation fees.

6. AUTHORITY OF DIRECTORS

Each of the Directors of Desert Energy Limited has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Dated the 7 March 2008.

For and on behalf of DESERT ENERGY LIMITED



R S Taylor
Director

6. DEFINITIONS

\$ means Australian dollars unless otherwise stated

ACH Clearing Rules means the operating rules of Australian Clearing House Pty Ltd

Acceptance Form means the personalised Entitlement and Acceptance Form for the Offer attached to or accompanying this Prospectus.

Applicant means a person who submits an Entitlement and Acceptance Form or a person who lodged an application form pursuant to the Underwriting Agreement..

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd.

ASTC Settlement Rules means the settlement rules of ASTC (formerly the SCH Business Rules).

ASX means ASX Limited (ACN 008 624 691), the operator of the Australian Securities Exchange.

ASX Releases means the ASX releases made by the Company as detailed in Section 5.2 of this Prospectus.

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means 5.00pm WST on 8 April 2008.

Company or Desert Energy means Desert Energy Limited (ACN 123 102 974)

Corporations Act means the Corporations Act 2001 (Cth).

Constitution means the constitution of the Company as amended from time to time.

Directors mean the directors of the Company from time to time.

Entitlement means the non-renounceable entitlement of a Shareholder to subscribe for a particular number of Options calculated on a 1 for 4 basis and on the terms and conditions of this Prospectus.

Entitlement and Acceptance Form means the personalised Entitlement and Acceptance form for the Offer attached to or accompanying this Prospectus.

Issue means the issue of the Options in accordance with the Offer.

Listing Rules or ASX Listing Rules means the official Listing Rules of ASX.

June 2007 Prospectus means the prospectus lodged by the Company with the ASIC on 11 June 2007 for the offer of 40,000,000 Share at an issue price of 20 cents each to raise \$8,000,000.

Offer means the offer of Options pursuant to this Prospectus.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the official list of ASX.

Opening Date means 25 March 2008.

Option means an option to acquire a Share on the terms set out in Section 5.5 of this Prospectus.

Option Holders means those parties holding Options.

Prospectus means this prospectus dated 7 March 2008

Quotation and Official Quotation means official quotation on ASX.

Record Date means 5.00pm WDST 18 March 2008.

Section means a section of this Prospectus.

Share means one fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Shortfall mean the Options (if any) not taken up under the Offer.

WDST means Western Daylight Saving Time, Perth, Western Australia.

WST means Western Standard Time, Perth, Western Australia.

Guide to the Desert Energy Limited Application Form

This Application Form relates to any shortfall arising under the Offer of up to 20,567,750 Options in Desert Energy Limited pursuant to the Prospectus dated 7 March 2008. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Options of the Company and it is advisable to read this document before applying for Shortfall Options. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

- A** Insert the number of Shortfall Options as advised to you by the Company. Insert the amount to be paid for the Shortfall Options subscribed for.
- B** Write the full name you wish to appear on the statement of option holdings. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected.
- C** Enter your Tax File Number (TFN) or exemption category. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- D** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown.
- E** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- F** Before completing the Application Form, the Applicant should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant agrees that this Application is for Shortfall Options in the Company upon and subject to the terms of this Prospectus, agrees to take all of the Shortfall Options equal to the number of Shortfall Options indicated in Section A that may be allotted to the Applicant pursuant to the Prospectus and Underwriting Agreement and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.
- G** Payment Details: Your cheque must be in Australian currency and drawn on an Australian branch of a financial institution. Such payment must be made payable to Desert Energy Limited Trust Account and crossed "Not Negotiable" and delivered to the address detailed below, together with this Application Form.

H

Correct form of Registrable Title

Note that only legal entities are allowed to hold Options. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

I Type of investor

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Lodgement of Applications

Return your completed Application Form and Bank Cheque to:

By Post to:
Desert Energy Limited
PO BOX 3107
ADELAIDE TERRACE
PERTH WA 6832

Or by fax to:
Desert Energy Limited
Fax No: 61 8 9325 3163

Or delivered to:
Desert Energy Limited
Level 2
231 Adelaide Terrace
Perth WA 6000

Application Forms must be received no later than 5pm W DST time on 8 April 2008.