



21 November 2007

The Manager
Announcements
Company Announcements Office
Australian Stock Exchange Limited
PO Box H224 Australia Square
SYDNEY NSW 2000

Dear Sir

CONSULTANT OPTIONS ISSUE PROSPECTUS

Desert Energy Limited has today lodged with the Australian Securities and Investments Commission a Prospectus for the issue of 11,200,000 Consultant Options.

A copy of the Prospectus, dated 21 November 2007, is attached.

Yours faithfully

Peter Rutledge
Company Secretary

For personal use only

DESERT ENERGY LIMITED

ACN 123 102 974

OPTION ISSUE PROSPECTUS

Prospectus for the issue of up to 11,200,000 Consultant Options for nil consideration to Consultants (or their Nominees as defined), with each Option giving the holder the right to subscribe for one Share in the Company at an exercise price calculated on the basis of the closing market price for the Shares as at the date of issue of the relevant Consultant Options, plus 100.1% of that price, and with an expiry date being between 36 months and 83 months from the date of issue depending on the terms and conditions of the Consultant Options and subject to earlier expiry in certain circumstances.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

The Consultant Options offered by this Prospectus are considered to be of a speculative nature.

CORPORATE DIRECTORY

DIRECTORS

Phillip Sidney Redmond Jackson (Chairman)
Robert Spencer Taylor (Managing Director)
Garry Patrick O'Hara (Executive Director)

COMPANY SECRETARY

Peter Campbell Ruttledge

REGISTERED AND PRINCIPAL OFFICE

Level 2, 231 Adelaide Terrace
PERTH WA 6000
Telephone: 61 8 9218 8711
Facsimile: 61 8 9325 3163
Website: www.desertenergy.com.au
Email: info@desertenergy.com.au

ASX CODE

Ordinary Shares: DSN

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Important Notes and Statements

This Prospectus is dated 21 November 2007. A copy of this Prospectus was lodged with the ASIC on 21 November 2007. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus.

No Consultant Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Consultant Options issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

An application for Consultant Options will only be accepted on the relevant Application Form accompanying this Prospectus.

Key Definitions

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Section 6 of this Prospectus.

Risk Factors

Persons to whom the Consultant Options are offered under this Prospectus should read this Prospectus in its entirety, and in particular Section 3- Risk Factors.

The Company's business involves exploration for minerals. As such any investment in the Company is considered speculative. The Company has no income producing assets and its business prospects are contingent upon the success of its exploration activities and the raising of further capital if and when required in order to continue exploration activities.

In particular it should be noted that the Company's projects include exploration prospects for uranium. Current Western Australian State Government policy prohibits mining of uranium in Western Australia. The Australian Labor Party State Government was re-elected on 26 February 2005 for another 4 year term and has publicly stated that this policy will remain in force during their term.

Section 1 DETAILS OF THE ISSUE

1.1 Issue

Pursuant to this Prospectus, the Company is offering to the following Consultants, a total of 11,200,000 Consultant Options (divided amongst the Consultants in the proportions set out in Table 1) with each Option giving the holder the right to subscribe for one Share in the Company at an exercise price calculated in each case on the basis of:

- the closing market price for the Shares as at the date of issue of the relevant Consultant Options, plus 100.1% of that price, and
- with an expiry date as shown in the Table 1.

Table 1

Consultants	Consulting Services	Number of Consultant Options being offered	Expiry Date (expiry date may be earlier in certain circumstances)
Able Kids Pty Ltd ¹	Geological and Business Development	3,000,000	83 months from date of issue
Anketell Pty Ltd ²	Geological and Business Development	3,000,000	83 months from date of issue
Holihox Pty Ltd ³	Legal and Commercial Advisory services	1,500,000	83 months from date of issue
KMB Australia Pty Ltd	Investor Relations	1,000,000	36 months from date of issue
Airmax International Pty Ltd	Business Development	1,000,000	36 months from date of issue
Golden Kilometre Mines Pty Ltd	General Manager Corporate	500,000	36 months from date of issue
Adelphi Resources Pty Ltd	Company Secretarial & Administration	500,000	36 months from date of issue
Fox Contracting WA Pty Ltd	Geological	500,000	36 months from date of issue
Hazard Geological & Geotechnical Services Pty Ltd	Geological	200,000	36 months from date of issue
TOTAL		11,200,000	

Notes:

1. *Able Kids Pty Ltd is associated with Robert Taylor who is a Director of the Company.*
2. *Anketell Pty Ltd is associated with Garry O'Hara who is a Director of the Company.*
3. *Holihox Pty Ltd is associated with Phillip Jackson who is a Director of the Company*

The Consultants have been retained by the Company to provide the consultancy services specified in the above table. The grant of the Consultant Options to the Consultants is designed to encourage the Consultants to have greater involvement in the achievement of the Company's objectives and to provide an incentive by participating in the future growth and prosperity of the Company through share ownership.

A summary of the terms and conditions of the Consultant Options is set out in Section 4.4 of this Prospectus. The terms and conditions vary between the Consultants. The expiry date for the Consultant Options or some of them may be decreased in the manner and in the circumstances specified in the terms and conditions of the Consultant Options as set out in Section 4.4.

The offer set out in this Prospectus is subject to:

- (a) the shareholders in the Company approving the issue of all the Consultant Options in accordance with the requirements of the Listing Rules and the Corporations Act. A shareholders meeting will be held on 30 November 2007 to consider appropriate resolutions;
- (b) in the case of Consultant Options to be offered to companies associated with the Directors, the shareholders in Aurora Minerals Ltd approving the issue of such Consultant Options in accordance with the requirements of the Listing Rules and the Corporations Act. A shareholders meeting will be held on 30 November 2007 to consider appropriate resolutions

In the event that the shareholders in either the Company or Aurora Minerals Ltd approve the issue of some but not all of the Consultant Options, the Company reserves the right to proceed with part only of the Issue.

There is no minimum subscription of the Issue and the Issue will proceed irrespective of how many of the offers are accepted. As the Consultant Options are to be issued for nil consideration, no funds will be raised by the Issue and therefore in the event that some only of the Consultant Options are issued will have no impact on the ability of the Company to carry out its proposed activities.

1.2 Subscribing to the Issue

Each Consultant which is offered Consultant Options pursuant to this Prospectus may:

- (a) accept such offer in whole or in part only (using the Application Form); or
- (b) do nothing (in which case no Consultant Options will be granted).

1.3 Indicative Timetable

Prospectus lodged at ASIC and dispatched to eligible persons	21 November 2007
Closing Date	30 November 2007
Date of Issue of Options	30 November 2007
Dispatch of Option Certificates	7 December 2007

Note: These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice subject to the Listing Rules and the Corporations Act.

1.4 Entitlements and Acceptance

This offer under this Prospectus is made to each of the Consultants and only persons from whom applications are specifically invited pursuant to this Prospectus are eligible to apply for Consultant Options. The number of Consultant Options for which each person is entitled to apply is specified on the relevant Application Form accompanying this Prospectus.

The offer is also extended to the Nominee of each Consultant as defined in the terms and conditions of the Consultant Options as set out in Section 4.4 of this Prospectus (that is the offer made to a Consultant may be accepted by that Consultant or by the Nominee but not by both).

Forward your completed Application Form to:

By Post	By Fax	By Hand
Company Secretary Desert Energy Limited PO Box 3107 Adelaide Terrace PERTH WA 6832	Company Secretary Desert Energy Limited PO Box 3107 PERTH WA 6832 Fax No: 61 8 9325 3163	Company Secretary Desert Energy Limited Level 2, 231 Adelaide Tce PERTH WA 6000

1.5 Allotment of Consultant Options

Consultant Options granted pursuant to this Prospectus will be granted no later than the 2nd Business Day after the Closing Date.

1.6 Quotation of Consultant Options

The Shares to which the Options relate are in a class of shares which are listed for quotation on the ASX.

The Company will not, however, apply to ASX for official quotation of the Consultant Options. The Consultant Options will therefore be unlisted and will not be tradeable on the ASX. The Consultant Options are also subject to restrictions on transfer as detailed in the terms and conditions of the Consultant Options (see Section 4.4 of this Prospectus).

However, the Company will apply to the ASX for official quotation of the Shares allotted pursuant to the exercise of any of the Consultant Options if the Company's Shares are listed on the ASX at that time.

A decision by ASX to grant official quotation of the Shares issued on the exercise of any of the Consultant Options is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the Consultant Options now offered or the Shares issued on the exercise of any of the Consultant Options.

1.7 No Issue of Consultant Options after 13 months

No Consultant Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Consistent with the requirements of the Listing Rules the Company intends to issue the Consultant Options shortly after (or in any event no later than one month of) the date of the Company's Annual General Meeting which is scheduled for 30 November 2007.

Shares allotted or issued pursuant to exercise of an Option may be allotted or issued later than 13 months after the date of this Prospectus and will be allotted or issued in accordance with the terms and conditions of the Consultant Options and, in any event, not more than 5 days after the receipt of a properly executed notice of exercise of Consultant Options and application moneys in respect of the exercise of the relevant Consultant Options.

1.8 Overseas Investors

This Prospectus does not constitute an offer in any place where or to any person to whom it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.9 Closing Date

The Closing Date for applying for Consultant Options pursuant to this Prospectus will be 2:00pm WDST on 30 November 2007.

Application Forms should be submitted as soon as possible however they must be received prior to 2.00 pm on the Closing Date. The Company reserves the right to vary the Closing Date without prior notice. The Company also reserves the right not to proceed with the Issue at any time prior to the granting of the Consultant Options.

1.10 Underwriting

The offer of Consultant Options pursuant to this Prospectus is not underwritten.

Section 2 EFFECT OF THE ISSUE ON THE COMPANY

2.1 Principal Effects

If the maximum number of Consultant Options is granted, the principal effect on the Company is that it will grant a total of 11,200,000 Consultant Options. The total percentage of unexercised Options over issued Shares in the Company will be 14% of the presently issued capital. No funds will be received by the Company for the issue of the Consultant Options.

The market price of the Company's Shares during the period of the Consultant Options will normally determine whether or not the holder exercises the Consultant Options. At the time any Consultant Options are exercised, and Shares issued pursuant to the exercise of the Consultant Options, the Company's Shares may be trading on the ASX at a price which is higher or lower than the exercise price of the Consultant Options.

If the maximum number of Consultant Options is granted and all such Consultant Options are eventually exercised, the issued share capital of the Company will increase by 11,200,000 and the Company will raise capital in an amount determined by the exercise price for the Consultant Options (as mentioned previously the exercise price for Consultant Options is determined by the closing market price for the Shares as at the date of issue of the relevant Consultant Options, plus 100.1% of that price),

2.2 Capital Structure and Statement of Financial Position

Capital Structure of the Company

At the date of this Prospectus, the Company has 80,000,001 Shares on issue, all of which are quoted on the ASX. At the date of this Prospectus the Company has no Options on issue.

Upon completion of the Issue, assuming all Consultant Options are applied for, the total number of Options on issue will be 11,200,000, all of which will be non-quoted.

Statement of Financial Position

Balance Sheet

Set out as follows is an unaudited Balance Sheet of the Company as at 30 June 2007. The Unaudited Proforma Balance Sheet has been prepared by adjusting the audited Balance Sheet as at 30 June 2007 to reflect the financial effect of the following transactions as if they had occurred at 30 June 2007.

- (i) Expenses relating to this Options Issue of approximately \$5,000.
- (ii) Expenses of equity based compensation of \$1,049,187.

UNAUDITED BALANCE SHEET FOR COMPANY

PRO-FORMA REFLECTING PROPOSED CONSULTANT OPTIONS ISSUE

	Audited 30 June 2007 \$	Unaudited Proforma \$
ASSETS		
Current Assets		
Cash and cash equivalents	10,001	5,001
Receivables	15,146	15,146
Other Assets	102,983	102,983
Total Current Assets	<u>128,130</u>	<u>123,130</u>
Non Current Assets		
	-	-
Total Non Current Assets	<u>-</u>	<u>-</u>
Total Assets	<u>128,130</u>	<u>123,130</u>
LIABILITIES		
Current Liabilities		
Payables	183,663	183,663
Total Current Liabilities	<u>183,663</u>	<u>183,663</u>
Total Liabilities	<u>183,663</u>	<u>183,663</u>
Net Assets	<u>(55,533)</u>	<u>(60,533)</u>
EQUITY		
Issued Capital	10,001	5,001
Share-based payments reserve	-	1,049,187
Accumulated losses	(65,534)	(1,114,721)
Total Equity	<u>(55,533)</u>	<u>(60,533)</u>

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Section 3 RISK FACTORS

3.1 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 its subsidiaries) involves a number of risks. Intending investors should read the whole of this section; the Companies ASX Announcements (including the Desert Energy Prospectus); and the Company's website including the Sustainability Section 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.

For more information on the risks including Native Title matters, land access, environmental legislation, financing or other risks associated with exploration and mining, there is extensive information on the Company's website and interested parties and potential investors should read these and in its ASX announcements.

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

These include, in the case of the Western Australian tenements;

- the Western Australian Mining Act 1978,
- the Commonwealth Government Native Title Act; and
- 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.

3.2 Summary

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

3.2.1 Tenements

- Risks associated with obtaining the grant of any or all of the Company's mining tenements or permits which are applications, or renewal of 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. 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 be currently subject to a prohibition on uranium mining.

3.2.2 Native Title and Heritage Matters

- Tenement applications and granted tenements are subject to the processes and requirements of the Native Title Act;
- Any application for a production 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 could result in an inability to obtain the grant of the 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;
- Risks arising because of the rights of indigenous groups in jurisdictions in which the Company operates which may affect the Company's ability to gain access to prospective exploration areas and to obtain exploration titles and access, and to obtain production titles for mining if exploration is successful;
- If negotiations for such access are successful, compensation may be necessary in settling or otherwise coming to some sort of agreement regarding indigenous title claims lodged or heritage matters over any of the tenements held or acquired by the Company;
- The risks associated with being able to negotiate access to land, including by conducting heritage and environmental surveys, to allow for prospecting, exploration and mining, is time and capital consuming and may be over budget and is not guaranteed of success.

3.2.3 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.

3.2.4 Environmental

- 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.

3.2.5 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.

3.2.6 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.

3.2.7 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.

3.3 Further Information

Risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations if a mineable deposit is discovered and competent management.

3.4 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, exports, 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.

3.5 Land Access

In 2006-2007 a large number of the Company's Western Australian EL's 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 tenements are usually avoided 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, might be experienced.

3.6 Heritage Surveys

Aboriginal site clearances are generally 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 it does not contravene legislation while carrying out drilling on its tenements, the Company understands it would generally need to conduct Aboriginal 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 above WA Aboriginal Heritage Act and the Commonwealth Heritage Act.

In order to achieve outcomes 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 persons with connections to the relevant land (often the Native Title claimants for the area) and those who represent them.

3.7 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.

3.8 Exploration and Development Capital

Exploration will reduce the cash reserves of the Company. The Company may be dependent on seeking exploration capital elsewhere, through equity raisings, debt, spin offs or joint venture financing, to support 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.

3.9 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.

3.10 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 investor's 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.

3.11 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. 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.

3.12 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.

3.13 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.

3.14 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", "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 Aurora Minerals 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 Prospectus available on the Company's and ASX websites.

The Company expressly disclaims any present 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.

4 ADDITIONAL INFORMATION

4.1 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.

4.2 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.

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 available to the stock market conducted by the ASX, throughout the 3 months before the issue of this Prospectus.

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, any regional office of ASIC.

4.3 Information Available to Shareholders

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:

- 4.3.1 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
30 October 2007	Annual Report to Shareholders
30 October 2007	Notice of Annual General Meeting/Proxy Form
31 October 2007	Quarterly Activities Report
31 October 2007	Quarterly Cashflow Report
14 November 2007	Visible Uranium Mineralisation at Downs East

4.4 Terms and Conditions of Consultant Options

The Consultant Options will entitle the optionholders to subscribe for Shares in the Company on the following terms:

(a) Issue price

Each Consultant Option is issued for nil consideration.

(b) Exercise price

Each Consultant Option shall entitle the optionholder to acquire one fully paid ordinary share in the capital of the Company upon exercise and payment of an exercise price equal to the closing market price for a Share at the issue date of the Consultant Option plus 100.1 % of that market price (“the Exercise Price”).

(c) Expiry date

Subject to certain provisions herein providing for earlier lapse in certain circumstances, the Consultant Options will expire on the Expiry Date for that class of Options. The Expiry Dates for the different classes of Consultant Options are as follows:

Able Kids Options	83 calendar months after the date of issue.
Anketell Options	83 calendar months after the date of issue.
Holihox Options	83 calendar months after the date of issue.
KBM Options	36 calendar months after the date of issue
Airmax Options	36 calendar months after the date of issue
Golden Options	36 calendar months after the date of issue
Adelphi Options	36 calendar months after the date of issue
Fox Options	36 calendar months after the date of issue
Hazard Options	36 calendar months after the date of issue

(d) Certificate

A certificate will be issued for the Consultant Options and sent to the optionholder together with the terms and conditions of the Consultant Options and a written notice that is to be completed when exercising Consultant Options.

(e) Consultant Options not listed

The Consultant Options will not be listed for official quotation on the ASX.

(f) Consultant Options not transferable

- (i) For Able Kids, Anketell and Holihox Options, subject to the Listing Rules of the ASX, the Consultant Options can be transferred to a Nominee of the optionholders (as defined in Section (o) Interpretation), but otherwise are not transferable, without the prior written approval of the Directors.
- (ii) For KMB, Airmax, Adelphi, Golden, Fox and Hazard Options, subject to the Listing Rules of the ASX, the Consultant Options can be transferred to a Nominee of the optionholders (as defined in Section (o) Interpretation), except that (o) f) shall not apply to KMB, Airmax, Adelphi, Golden, Fox and Hazard Options, but otherwise are not transferable, without the prior written approval of the Directors.

(g) Exercise

Subject to m) below, the Consultant Options may be exercised by notice in writing to the Company (“the Exercise Notice”), delivery of the Consultant Option certificates and payment of the Exercise Price to the Company at any time between the date of issue and the Expiry Date (“the Exercise Period”). The Consultant Options may be exercised in one or more lots, of not less than 10,000 Options at any one time, on different occasions during the Exercise Period. Within 5 business days of receipt of the “Exercise Notice” and Consultant Option certificates and payment of the “Exercise Price”, the Company will allot the

corresponding number of fully paid ordinary shares to the optionholder, procure the issue a statement of holding for the shares and apply for the shares to be listed on the stock exchanges on which the Company is listed. The shares issued as a result of exercise of the Consultant Options shall rank equally in all respects with the other issued fully paid shares in the Company.

(h) New share issue

If the Consultant Options are exercised before the record date of an entitlement, the optionholder can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify the optionholder of the proposed issue at least 9 business days before the record date. Optionholders do not have a right to participate in new share issues without exercising their Consultant Options in accordance with Listing Rule 6.19.

(i) Bonus Issue

If, from time to time, before the expiry of the Options the Company makes a pro rata issue of Shares to Shareholders for no consideration, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the optionholder would have received if the Option had been exercised before the record date for calculating entitlements to the pro rata issue.

(j) Reorganisations

In the event of any reorganization of the issued capital of the Company, the Consultant Options will be reorganized by the Company in accordance with the Listing Rules (including without limitation by changing the number or exercise price for the Consultant Options in such manner as may be required by the Listing Rules.)

(k) Change of Consultant Option's exercise price or the number of underlying securities

- (i) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Consultant Options may be reduced according to the following formula:

$$O' = \frac{O - \frac{E[P - (S + D)]}{N + 1}}$$

O' = the new exercise price of the Consultant Option;

O = the old exercise price of the Consultant Option;

E = the number of underlying securities in the Company into which one option is exercisable;

P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the

five (5) trading days ending on the day before the ex rights date or ex entitlements date;

S = the Subscription price for a security under the pro rata issue;

D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

N = the Number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.

- (ii) The number of shares to be issued pursuant to the exercise of Consultant Options will be adjusted for bonus issues made prior to exercise of Consultant Options. The effect will be that upon exercise of the Consultant Options the number of shares received by the optionholder will include the number of bonus shares that would have been issued if the Consultant Options had been exercised prior to the record date for bonus issues. The exercise price of the Consultant Options shall not change as result of any such bonus issue.

(l) Dividends

The Consultant Options carry no entitlement to participate in dividends until shares are allotted pursuant to the exercise of the Consultant Options.

(m) Cessation of engagement of the Consultant or death of the optionholder.

- (i) In the event of the death of a Relevant Person in relation to a parcel of Consultant Options then such parcel of Consultant Options shall remain in full force and effect for the full term up until the Expiry Date and may be exercised at any time up to the Expiry Date by the holder or a deceased optionholder's legal personal representative.

- (ii) Subject to paragraph (iii), (iv) and (v) below, in the event of a Consultant (other than a Specified Consultant) ceasing to be engaged by the Company or any of its subsidiaries as a consultant one half of the Consultant Options issued to that Consultant or its Nominee shall remain in full force and effect for the full term up until the Expiry Date and the other half of such Consultant Options may only be exercised by the optionholder within 3 months of such Consultant ceasing to be so engaged and immediately following that 3 months shall forthwith lapse and have no further effect unless otherwise determined by the board of directors of the Company.

- (iii) If at the time a Consultant ceases to provide consulting services to the Company, the Relevant Person in relation to the Consultant Options issued to such Consultant (or its Nominee) commences providing consulting services to the Company or becomes an employee of the

Company then for then for the purposes of (ii) above, that Consultant will be deemed to continue to provide consulting services to the Company for such period as such Relevant Person continues as a consultant or employee of the Company and accordingly all such Consultant Options will remain in full force and effect during such period.

- (iv) In the event of a Consultant ceasing to be engaged as a consultant or deemed consultant by the Company or any of its subsidiaries following the takeover of the Company or following a Change in Control, all Consultant Options issued to such Consultant or its Nominee shall remain in full force and effect for the full term up until the Expiry Date.
- (v) In the event that a Specified Consultant ceases to be engaged by the Company or any of its subsidiaries as a consultant within two years of the issue of any Consultant Options to such Specified Consultant or its Nominee, then all such Consultant Options will immediately and automatically lapse.
- (vi) In the event that a Specified Consultant ceases to be engaged as a consultant by the Company or any of its subsidiaries, other than in the circumstances described in (iii), (iv) or (v) above, any Options held by that Specified Consultant or its Nominee may only be exercised within 3 months of the Consultant ceasing to be so engaged by the Company unless otherwise determined by the Board of Directors of the Company.

(n) Directorships

For the avoidance of doubt it is recorded that the Able Kids Options, the Anketell Options and the Holihox Options will not not cease to be exercisable merely because any of Robert Taylor, Garry O'Hara or Phillip Jackson cease to be directors of the Company.

(o) Interpretation

In these terms and conditions the following terms will bear the following means unless the context otherwise requires:

“Able Kids Options” means 3,000,000 Consultant Options issued to Able Kids Pty Ltd or its Nominee;

“Adelphi Options” means 500,000 Consultant Options issued to Adelphi Resources Pty Ltd or its Nominee;

“Airmax Options” means 1,000,000 Consultant Options issued to Airmax International Pty Ltd or its Nominee;

“Anketell Options” means 3,000,000 Consultant Options issued to Anketell Pty Ltd or its Nominee;

“Change in Control” means a change in the composition of the shareholders of the Company whereby a person who does not presently control the Company within the meaning of section 50AA of the Corporations Act gains such control over the Company;

“Company” means Desert Energy Limited;

“Consultant” means any of Able Kids Pty Ltd, Adelphi Resources Pty Ltd, Airmax International Pty Ltd, Anketell Pty Ltd, Fox Contracting WA Pty Ltd, Golden Kilometre Mines Pty Ltd, Hazard Geological and Geotechnical Services Pty Ltd, Holihox Pty Ltd, KMB Australia Pty Ltd;

“Consultant Options” means the Able Kids Options, the Adelphi Options, the Airmax Options, the Anketell Options, the Fox Options, the Golden Options, the Hazard Options, the Holihox Options, and the KMB Options;

“Fox Options” means 500,000 Consultant Options issued to Fox Contracting WA Pty Ltd or its Nominee;

“Golden Options” means 500,000 Consultant Options issued to Golden Kilometre Mines Pty Ltd or its Nominee;

“Hazard Options” means 200,000 Consultant Options issued to Hazard Geological and Geotechnical Services Pty Ltd or its Nominee;

“Holihox Options” means 1,500,000 Consultant Options issued to Holihox Pty Ltd or its Nominee;

“KBM Options” means 1,000,000 Consultant Options issued to KBM Australia Pty Ltd or its Nominee;

“Listing Rules” means the listing rules as amended from time to time of the ASX;

“Nominee” means:

- (a) the Relevant Person;
- (b) a spouse or de facto spouse of the Relevant Person;
- (c) a child, sibling or parent of the Relevant Person;
- (d) a family trust associated with the Relevant Person;
- (e) a superannuation fund in which the Relevant Person or any of the persons referred to above is a member;

- (f) any third party as part of a bona fide arrangement entered into by the option holder in order to finance the exercise of the Consultant Options or any of them; or
- (g) any other nominee approved by the Company.

“Relevant Person” means:

- (a) in relation to the Able Kids Options Dr Robert Taylor;
- (b) in relation to the Adelphi Options Mr Bruce Waddell;
- (c) in relation to the Airmax Options means Mr Andrew Kenny;
- (d) in relation to the Anketell Options Mr Garry O’Hara;
- (e) in relation to the Fox Options Mr Kelvin Fox;
- (f) in relation to the Golden Options Mr Eric Moore;
- (g) in relation to the Hazard Options Mr Nicholas Hazard;
- (h) in relation to the Holihox Options Mr Phillip Jackson;
- (i) in relation to the KMB Options Mr Kenneth Banks.

“Specified Consultant” means any of Adelphi Resources Pty Ltd, Airmax International Pty Ltd, Fox Contracting WA Pty Ltd, Golden Kilometre Mines Pty Ltd, Hazard Geological and Geotechnical Services Pty Ltd and KMB Australia Pty Ltd;

4.5 Rights Attaching to Shares to be issued Pursuant to Exercise of Consultant Options

The Shares underlying the Consultant Options to be issued pursuant to this Prospectus will rank equally in all respects with existing Shares in the Company.

The Company has one class of shares on issue, being fully paid ordinary shares in the capital of the Company.

The rights attaching to Shares in the Company are:

- set out in the Constitution of the Company, a copy of which is available for inspection during normal business hours at the registered business office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and the general law.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to Shares in the Company as set out in the Constitution.

(a) Voting Rights

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 chairperson of the meeting, by any 5 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.

(b) Dividend Rights

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

(c) Transfer of Shares

A shareholder may transfer shares by a market transfer in accordance with any computerised or electronic system established or recognised by the ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by the ASX or in any other usual form or in any form approved by the Directors. Regulation 24 of the Company's constitution requires that the Company comply with the Listing Rules. The Listing Rules contain a number of provisions dealing with transfers of Shares.

Listing Rule 8.1 requires the Company as a listed entity to comply with the operating rules of the ASTC Settlement Rules in relation to any of its shares which are CHESSE Approved securities.

Listing Rule 8.10 generally prohibits the Company from preventing, delaying or interfering with the registration of a transfer document dealing with quoted securities. There are a few limited exceptions to this rule, for example where the Company has a lien on the shares, or the company is served with a court order restricting transfer or where transfer would breach an Australian law.

The Directors of the Company may refuse to register any transfer of shares, other than a market transfer, where the Company is permitted or required to do so by the Listing Rules or the SCH Business Rules.

(d) Future Issues

Subject to the Listing Rules the Directors have the right to grant to any person options or other securities with rights of conversion to shares or pre-emptive rights to any shares for any consideration and for any stock.

(e) Variation of Rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, be varied or abrogated in any way with the consent in writing of the holders of three quarters of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. Any variation is subject to section 246B and 246E of the Corporations Act.

(f) 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.

(g) 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.

(h) Shareholder Liability

Any sum unpaid on a Share must be paid on the date on which it is payable under the terms of the issue of that Share.

Subject to compliance with the requirements of the Corporations Act, the Listing Rules and the original terms of issue of the Shares, the Directors may make calls upon the member in respect of any money unpaid on their Shares, make a call payable by instalments and revoke or postpone a call before the due date for payment. While the Company is a listed company, calls must be made in accordance with the Listing Rules. The Company must give a member on whom a call has been made written notice of the call within the time limits and in the form required by the Listing Rules. If a call is not paid before or on the day specified for payment, the Directors may require the member liable for the call to pay interest on the sum from and including the day for payment to the time of actual payment at the rate, not exceeding 20% per annum, determined by the Directors.

4.6 Interests of Directors and Fees Payable

- 4.6.1 At the date of this Prospectus the relevant interest of each of the Directors in the Shares and Options of the Company 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>
Philip Jackson	1,160,250	Nil	-	-	1,160,250
Robert Taylor	-	100,000 ¹	-	-	100,000
Garry O'Hara	-	-	-	-	-

Notes:

1. *These Shares are held by Mr Taylor as trustee for the Reindeer Super Fund of which Mr Taylor is a beneficiary.*

Able Kids Pty Ltd, a company associated with Mr Robert Taylor a director of the Company will be offered 3,000,000 Consultant Options as part of the Issue. Mr Taylor is a director and shareholder in Able Kids Pty Ltd.

Anketell Pty Ltd, a company associated with Mr Garry O'Hara a director of the Company will be offered 3,000,000 Consultant Options as part of the Issue. Mr O'Hara is the sole director and shareholder in Anketell Pty Ltd.

Holihox Pty Ltd, a company associated with Mr Phillip Jackson a director of the Company will be offered 1,500,000 Consultant Options as part of the Issue. Mr Jackson is the sole director and shareholder in Holihox Pty Ltd.

- 4.6.2 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 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.

- 4.6.3 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.

4.6.4 Interests of Directors in Aurora Minerals Limited

The Directors of the Company are also Directors of Aurora Minerals Limited (“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>
Philip Jackson	2,550,000	Nil	1,500,000	Nil	4,050,000
Robert Taylor	-	3,450,000 ¹	-	3,000,000 ²	6,450,000
Garry O'Hara	3,540,000	-	3,000,000-	Nil	6,540,000

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 (1,500,000) and by the Reindeer Super Fund Account of which Mr Taylor is a beneficiary (1,500,000).*

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 Minerals Ltd.

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.

4.7 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, 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;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Issue; or
- the Issue.

Except as disclosed 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 expert, promoter or any

other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Issue under this Prospectus.

4.8 Share Trading History

The highest and lowest closing market sale prices of Shares on ASX during the 2 months since the Company listed on the Australian Securities Exchange were \$0.205 on 28th September 2007, and \$0.13 on 13th and 14th September 2007 respectively. The latest available market sale price of Shares on the ASX immediately before the date of issue of this Prospectus was \$0.175 on 20 November 2007.

4.9 Expenses of the Issue

The approximate expenses of the Issue including ASIC fees, advisers' fees, printing and distribution costs, legal costs and other miscellaneous expenses, is \$5,000 which has been paid or is payable by the Company.

4.10 Consents

There are a number of persons referred to in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of this Prospectus.

4.11 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

4.12 Privacy Disclosure Statement

The Company collects information about each person who applies for Consultant Options under this Prospectus from an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, (including mailing houses), the ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate

communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application for Consultant Options.

5 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Directors knowledge, before any issue of Consultant Options pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Dated: 21 November 2007

Robert Taylor
Director

6 DEFINED TERMS

"ASIC" means the Australian Securities & Investments Commission;

"ASX" means Australian Securities Exchange Limited;

"Application Form" means the application form for Consultant Options accompanying this Prospectus and "Applicant" and "Application" have comparative meanings;

"Board" means the board of Directors from time to time;

"Business Day" means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX declares is not a business day;

"Closing Date" means 30 November 2007;

"Company" or "Desert Energy" means Desert Energy Limited ACN 123 102 974;

"Consultant" means each of the Consulting Companies described in Table 1 of Section 1.1 of this Prospectus;

"Consultant Options" means the Options to be issued for nil consideration to Consultants or their Nominees, with each Option giving the holder the right to subscribe for one Share in the Company at an exercise price calculated on the basis of the closing market price for the Shares as at the date of issue of the Consultant Options, plus 100.1% of that price, and with an expiry date being 36 months, or 83 months as the case may be, from the date of issue (but subject to earlier expiry in certain circumstances) and otherwise on the terms and conditions set out in Section 4.4 of this Prospectus;

"Corporations Act" means the Corporations Act 2001 (Cth) as amended from time to time;

"Directors" means the directors of the Company;

"DOIR" means the Western Australian Department of Industry and Resources.

"Issue" means the issue of Consultant Options pursuant to this Prospectus;

"Listing Rules" means the Listing Rules of ASX;

"Nominee" means a nominee as defined in paragraph (o) of Section 4.4 of this Prospectus which sets out the terms and conditions of the Consultant Options;

"Option" means an option to acquire one Share;

"Prospectus" means this prospectus dated 21 November 2007;

"Section" means a section of this Prospectus;

"Share" means an ordinary fully paid share in the capital of the Company; and

"WDST" means Australian Western Daylight Saving Time.

Guide to the Desert Energy Limited Application Form

This Application Form relates to the Offer of up to 11,200,000 free Consultant Options in Desert Energy Limited pursuant to the Prospectus dated 21 November 2007. 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 Consultant Options of the Company and it is advisable to read this document before applying for Consultant 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 Consultant Options you wish to apply for. The Application must not exceed your allocation.
- B** Write the full name you wish to appear on the statement of option holdings. This can only be the name of a Consultant or a Nominee as defined in paragraph (o) of Section 4.4 of the Prospectus. 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(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Consultant Options in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Consultant Options equal to or less than the number of Consultant Options indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.
- G**

Correct form of Registrable Title

Note that only legal entities are allowed to hold Consultant Options. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company which fall within the category of a Nominee (as defined in paragraph (o) of Section 4.4 of the Prospectus). At least one full given name and the surname is required for each natural person. 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:

H 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 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 2 pm WDST time on 30 November 2007.