

WesternDesert

R E S O U R C E S

ANNUAL REPORT

EXPLORATION LICENCES 23630

WINNECKIE

FOR THE PERIOD 5/3/07 to 4/3/08

YEAR 5

by

JOHN FABRAY

BSc (Hons) MSc MAusIMM

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INTRODUCTION

BACKGROUND

The Exploration Licence was held by Tennant Creek Gold Pty Ltd until it was acquired by Western Desert Resources Ltd in July 2007. The tenement covers ground prospective for gold and base metal mineralisation.

LOCATION AND ACCESS

The tenement is located about 65km north east of Alice Springs in the southern part of the Northern Territory (Figure 1).

Access is by the sealed Stuart Highway north from Alice Springs, and thence by an unsealed road which goes to The Garden Station and Arltunga. Access within the project area is by station tracks. Some parts of the area are inaccessible to vehicles.

CLIMATE

The climate is semi-arid, sub-tropical with cold winters and hot summers. The average annual rainfall is 300mm with most falls in summer months.

TOPOGRAPHY AND VEGETATION

The project area is located at the western end of the Folded Central Ranges geomorphologic division.

Steep quartzite ridges form topographic highs in the southern part of the project area, and are separated by broad alluvial valleys, hills of gneiss and grass plains.

The hills and ridges are lightly to moderately wooded with stunted eucalypts, gidgee, mulga and acacia. The alluvial flats contain open woodland with ghost gums and other eucalypts with some acacias.

TENURE

MINING/MINERAL RIGHTS

EL 23630 was granted to Imperial Granite and Minerals Pty Ltd (50%) and Tennant Creek Gold (NT) Pty Ltd (50%) on 5th March 2007. The 50% interest held by Imperial Granite was transferred to Tennant Creek Gold on 23rd April 2007.

The licence was purchased by WDR Gold Pty Ltd, a wholly owned subsidiary of Western Desert Resources Ltd, on July 20th 2008.

LAND TENURE

The tenements are located within the boundaries of Perpetual Pastoral Lease 1095 (The Garden).

NATIVE TITLE

The Winnekie project does not currently fall within the area of a registered Native Title Claim

ABORIGINAL SACRED SITES

There are no known sacred sites within the project area.

GEOLOGY

REGIONAL GEOLOGY

The project area is located within the Aileron Province of the Palaeoproterozoic Arunta Block, which is aged between 1840-1760Ma. The Arunta Block in this area consists of the Strangways Metamorphic Complex to the north and undifferentiated gneisses and granites to the south. The Arunta Block sequence is overlain unconformably by Amadeus Basin sediments which have been thrust over the older rocks in the Winnekie Nappe, part of the Arltunga Nappe Complex.

LOCAL GEOLOGY

The local geology is complex and is shown on figure 3. Strongly deformed rocks of the Arunta Block occur to the north and south of folded outliers of Heavitree Quartzite and Bitter Springs Formation of the Amadeus Basin.

The basement rocks consist of undifferentiated gneisses and schists to the south of the Winnekie Nappe. To the north, rocks of the Strangways Metamorphic Complex crop out; including the Cadney Metamorphics, the Erotonga Metamorphics and the Ankala gneiss. Intense shear zones occur in the basement and these zones have been retrogressively metamorphosed or altered to greenschist facies.

Tightly folded and faulted Heavitree Quartzite and Bitter Springs Formation occur within the west-northwest trending Winnekie Nappe. The nappe dips to the north and both the Amadeus Basin sediments and the underlying basement rocks have been thrust over the metamorphic to the south. Shearing occurs within the nappe and along its margins, forming altered and mylonitic zones.

The gold mineralisation in the Winnekie Goldfield occurs in quartz veins within the sediments of the nappe and in altered basement rocks along its northern margin. Two types of gold mineralisation occur. The majority of the gold has been worked from quartz veins containing pyrite or gossan in the oxidised zone. Gold is sporadically developed in the otherwise barren massive quartz blows and pods. The second type includes stratabound mineralisation in altered schists.

PREVIOUS EXPLORATION

MINING HISTORY

The tenement covers the Winnekie Goldfield. Gold was discovered in the area around 1900. Mining activities took place between 1901 and 1905, and also between 1933 and 1937, with about 1500oz of gold produced. Unrecorded production in the early days may have been about 500oz.

EXPLORATION BY PREVIOUS COMPANIES

Otter Exploration NL (1980-83)

Otter Exploration explored the area for diamonds, gold and base metals. Stream sediment sampling was undertaken. Some anomalies were followed up with little success.

Australian Anglo American Ltd (1984-85)

EL 4326 covered most of the current tenement and was explored for gold and associated base metals. Exploration activities consisted of regional stream sediment sampling and rock chip sampling at the previously known gold prospects. Accessible old workings were sampled, with the best results being from the Golden Goose mine where the main cross-cut assayed 3.8g/t Au over 18 metres. Diamond drilling was completed at the Golden Goose and Coorong mines, with disappointing results.

Macmahon Construction (1987)

Macmahon took over exploration within EL 4326 from Anglo American. Work was mainly confined to the Golden Goose mine where RC percussion drilling and costeaning were undertaken. The gold results were generally poor, with a best intersection of 1 metres at 5.5g/t Au from the drilling and a value of 7 metres of 2.3g/t Au from the costeaning.

White Range Gold NL (1990)

Rock chip sampling was undertaken on EL 6833 by White Range Gold. The Golden Goose cross-cut was resampled and the results did not confirm the earlier work by Anglo American with 18 metres at 0.8 g/t Au. Grab samples from the Black Eagle workings returned values up to 14.4g/t Au.

Normandy NFM (1996-98)

EL 8164 covered the Winnekie Goldfield and most of the current project area. Normandy NFM undertook exploration for "Carlin" type gold mineralisation mainly in the vicinity of the old gold workings. Regional stream sediment sampling was carried out. A number of prospects were followed up with soil and rock chip sampling, and costeaning. Follow up RAB drilling was undertaken at the most promising sites. The results were mostly disappointing with few anomalous gold values. The best intersection was 3 metres at 23.8 g/t from a site 200 metres west of the Golden Goose.

Tanami Gold (1998-2001)

Tanami Gold took over exploration on EL 8164 when Normandy NFM withdrew. Surface sampling was carried out in a number of areas with some follow up RAB drilling. Results were generally not encouraging in the project area. Seven RC percussion drill holes were completed at the Golden Goose mine; however no significant gold values were reported.

Tanami Gold (2003-2006)

Exploration was conducted on EL 23630 during this period. A line of RAB and aircore drill holes was completed to test for extensions of mineralisation to the west of the Golden Goose workings. Some anomalous gold values were found. Further rockchip sampling of known prospects was done with generally disappointing results.

EXPLORATION COMPLETED DURING CURRENT YEAR

GEOPHYSICAL SURVEYS

Airborne radiometric and magnetic survey.

An airborne survey was flown by UTS geophysics during November 2007 and January 2008. The survey covered the entire tenement as shown on Figure 4. The logistics report for the survey is in appendix 1. The survey had the following specifications:

Flight line direction:	North-South
Flight line spacing:	100 metres
Tie line direction:	East-West
Tie line spacing:	1000 metres
Survey height:	40 metres

The details of the data processing methods used are given in the logistics report. The data are given in appendix 2.

Airborne Electromagnetic Survey

A helicopter EM survey was flown by Geoforce between 15th and 17th January 2008. The survey covered the same ground as the airborne magnetic/radiometric survey as shown in figure 4. The



survey used the SkyTEM system with a terrain clearance of 30 metres. The traverse line spacing was 150 metres. Details of the survey are given in the logistics report in appendix 3. The data are detailed in appendix 4.

The SkyTEM system has been designed for mapping geological structures in mineral exploration investigations. It has the same capabilities as ground based TEM systems with the advantage of being much more rapid.

The system is carried in an external sling load suspended below a helicopter as shown in the picture. No operator is required in the helicopter.

The nominal diameter of the transmitter loop can be varied between 15 and 30 metres. The total weight of the system is about 350kg.

RESULTS AND EXPENDITURE

Discussion of results

Interpretation of the airborne surveys data had not been completed by the date of this report.

Expenditure

The expenditure commitment for EL 23630 for year 5 was \$56,000. Actual expenditure was \$88,317 as shown on the accompanying exploration expenditure form.

PROPOSALS FOR FUTURE WORK

Proposed work programme for 2008 – Year 6

The proposed exploration programme for year 2 will include interpretation of airborne geophysics and ground follow-up of any anomalies delineated by the airborne EM survey. Depending on the results of this initial work further exploration of the anomalies by surface sampling, costeaning and drilling may be undertaken.

The proposed expenditure on EL23630 for year 6 will be \$65,000.

References

Western Desert Resources Ltd, 2007. *Prospectus for IPO dated 31st May 2007*