Quantum Resources Limited
ACN 006 690348

EXPLORATION LICENCE 25010

ANNUAL REPORT

FOR THE PERIOD

1 SEPTEMBER 2007 to 31 AUGUST 2008

BY

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DUE DATE: 1ST OCTOBER 2008

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Department of Industry & Resources, Perth
TENEMENT REPORT INDEX

COMPANY / OPERATOR: Quantum Resources Limited

PROJECT: Ware Range

PROSPECT: No known prospect

TENEMENTS: Exploration Licence 25010

REPORTING PERIOD: 1 September 2007 to 31 August 2008

AUTHOR: C. Ashcroft & A. Raza

DUE DATE: 1 October 2008

STATE: W.A.

LATITUDE: 18° 30'

LONGITUDE: 129° 30' E

AMG mN: 7 955 100

AMG mE: 581 200

1:250,000 SHEET: Birrindudu SE52-11

1:100,000 SHEET: Ware 4860 & Nongra 4861

MINERAL FIELD: No recorded mineral field

MINERAL DISTRICT: No recorded mineral district

COMMODITY: Au, Pb, Cu, Zn, Ag, U

KEYWORDS: Gold, Base Metals, Uranium
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   A4 Landscape
1. SUMMARY OF EXPLORATION ACTIVITY

This report describes exploration carried out on the Ware Range Project tenement EL25010 between 1 September 2007 and 31 August 2008 (Figure 1). A review of regional data was undertaken and a 50% relinquishment was approved. Drilling and sampling planned was unable to occur during the reporting period due to staffing shortages.

2. TENEMENT STATUS

Exploration Licence EL 25010 was granted to Quantum Resources Limited on 1 September 2006 for a period of 5 years, to expire on 31st August 2011. The tenement is in its 2nd year of tenure.

<table>
<thead>
<tr>
<th>TENEMENT</th>
<th>DATE OF GRANT</th>
<th>STATUS</th>
<th>AREA (km²)</th>
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<tr>
<td>EL 25010</td>
<td>01/09/06</td>
<td>Live</td>
<td>335.4</td>
</tr>
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</table>

3. LOCATION AND ACCESS

The Ware Range EL25010 lies on the Birrindudu SE52-11 1:250,000 map sheet and the Ware 4860 and Nongra 4861 1:100,000 map sheets. Tenement EL25010 lies approximately 190 km by air from Halls Creek (Figure 2). By road it is accessible along the Duncan and Buchanan Highways and graded station tracks. The closest homestead to the tenement is Birrindudu Station only ~30 km to the west. Two minor tracks originating from it leads into the north of the tenement. During wet season all station tracks in the region are unfit to drive. Other companies such as Stockdale have cleared pre-existing drilling tracks after approval from traditional owners and anthropologists. However, it appears that such tracks within the tenement are very few. Thick scrub exists over some parts of the tenement and it may be necessary to access these areas by helicopter.

4. GEOLOGY

4.1 Exploration Target

The tenement is prospective for base metals and uranium mineralisation. The proposed exploration activities will include a programme of sampling and if this is successful later drilling to investigate the nature of base metal and/or uranium mineralisation associated with the unconformity between the highly deformed Archaean or Lower Proterozoic meta-sedimentary Nongra Beds and the Middle Proterozoic Gardiner Sandstone. This middle Proterozoic sandstone outcrops as a part of the Northern Ware Range in the east of the tenement and the Birrindudu Range, just west of the tenement.
4.2 Geology

The two predominant tectonostratigraphic units in the region are the Archaean to Lower Proterozoic Granites-Tanami Block and the Carpentarian Birrindudu Basin. The Ware Range tenement is situated in the Birrindudu Basin, which unconformably overlies the Granite-Tanami Block. Both tectonostratigraphic units have experienced different degrees of deformation and metamorphism. The most significant, mapped fault is in the Precambrian basement rocks on the eastern side of the Ware Range. This northerly-trending fault is associated with significant displacement. It has juxtaposed the Carpentarian Gardiner Sandstone to the Lower Proterozoic Winnecke Granophyre and Mount Winnecke Formation. The flat lying undeformed terrestrial basaltic lava flows and minor sediments of the Antrim Plateau Volcanics overlie both of the tectonostratigraphic units (Figure 3).

The tenement is part of the Sturt Plateau, a mainly flat to very gently undulating surface from which two residual southwest and southeast striking ridges, the Birrindudu Range and the Ware Range respectively, elevate. The Birrindudu Range and the Ware Range together form limbs of a large anticlinal structure. These ranges are composed of Middle Proterozoic Gardiner Sandstone, a basal formation of the Birrindudu Group, characterised by medium-grained and medium-bedded sublitic arenite and quartz arenite with localised lenses of conglomerate (Figure 3).

Unconformably underlying the Birrindudu Group are the Archaean or Lower Proterozoic Nongra Beds of the Tanami Complex, which occur in the core of the anticline. The Tanami Complex is thought to contain the oldest exposed rocks in the region. They are tightly folded and generally cleaved sedimentary and volcanic rocks that have been regionally metamorphosed to lower greenschist grade. The Nongra Beds crop out to the south of the tenement between the Birrindudu Range and Ware Range and composed of phyllitic shale, siltstone, greywacke, sublitic arenite, banded chert, micaceous tuff and extrusive acid porphyry. The presence of quartz-tourmaline rocks chips suggests that Nongra Beds were possibly intruded by the Winnecke Granophyre.

Short, incised drainage channels pass outwards from the ranges, only to disappear on the alluvial sandy plains or drain into ephemeral lakes in the north. Claypans and laterite capping are common. The licence is covered largely by the Quaternary aeolian sand, gravels and laterites.
5. **WORK COMPLETED**

The exploration programme for EL 25010 proposed in 2007-08 was not conducted due to staff shortage issues. As part of the requirement to undertaken a 50% partial relinquishment a brief review of geology and previous work was undertaken. Following is a summary of the review.

The area of EL25010 is at the unconformable junction of the Gardiner sandstone and the Nongra Beds of the Lower Proterozoic in a faulted anticline. At the northern and eastern sides of the tenement the 1:500,000 geological map shows the presence of Antrim basalts covering the Proterozoic rocks. These basalts have a strong regional Th/U profile. Quaternary channels draining the tenements have a calcrete development in the north of the tenement. Radiometric signatures over the channelised calcrites are low. There are no known mineral deposits in the tenement.

The area suggested for reduction was selected on the criteria that all areas with Antrim basalt at surface were unlikely locations for near surface concentrations of U and significant base-metal (copper). Odd blocks of Proterozoic Gardiner Sandstone on the eastern side of the tenement were added to the selection to make up numbers, these blocks were selected on the basis of the regional U signatures [Figure 1].

The remaining area of the tenement should be sampled for U (linear U anomalies near unconformity), base metals and gold.

6. **PROPOSED EXPLORATION**

As previously stated the exploration activities previously proposed (Annual Report EL25010 2006-2007) were not conducted due to staff shortage issues.

Rather than the previously proposed loam sampling, stream sediment sampling and programme of RAB drilling to investigate the nature of base metal and uranium mineralisation associated with the unconformity between the Nongra Beds and the Gardiner Sandstone, it is now proposed, to first undertake a programme of MMI soil sampling, with drilling to potentially occur later subject to the results of the MMI soil sampling programme.

7. **BIBLIOGRAPHY**

