ANNUAL REPORT

EXPLORATION LICENCE 23630

WINNECKE

FOR THE PERIOD 5/3/08 to 4/3/09

YEAR 6

by

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EL 23630 was granted to Imperial Granite and Minerals Pty Ltd (50%) and Tennant Creek Gold (NT) Pty Ltd (50%) on 5th March 2003. The licence was purchased by WDR Gold Pty Ltd, a wholly owned subsidiary of Western Desert Resources Ltd, on July 20th 2007.

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

The project area falls within the Aileron Province of the Palaeoproterozoic Arunta Block, which is aged between 1840-1760Ma.

The local geology is complex. 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 tenement covers the Winnecke 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. The gold mineralisation in the Winnecke Goldfield occurs in quartz veins within the sediments of the nappe and in altered basement rocks along its northern margin.

Exploration has been conducted in the area since 1980 by a number of companies for base metals, gold and diamonds. No economic deposits have been discovered.

Western Desert Resources Ltd (WDR) undertook airborne magnetic/radiometric and EM surveys over the EL in late 2007 and early 2008.

Interpretation of the airborne EM data has delineated a number of anomalous bedrock conductors which should be followed up. These anomalies are not associated with known mineral occurrences.

The proposed exploration programme for year 7 will include ground follow-up of the anomalies delineated by the airborne EM survey. Depending on the results of this work further exploration of the anomalies by surface sampling, costeanning and drilling may be undertaken.
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 2003. 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 2007. It was renewed for a further two years until 4th March 2011 on 24th December 2008.

LAND TENURE
The tenement is located within the boundaries of Perpetual Pastoral Lease 1095 (The Garden).

NATIVE TITLE
The Winnecke project does not currently fall within the area of a registered Native Title Claim.
ABORIGINAL SACRED SITES
The Aboriginal Areas Protection Authority (AAPA) register was inspected and a map showing a number of registered and recorded sacred sites was received, see figure 2. There is a recorded site and restricted works area in the south western part of the EL.

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 Winnecke Nappe, part of the Arltunga Nappe Complex, see figure 3.

LOCAL GEOLOGY
The local geology is complex and is shown on figure 4. 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 Winnecke 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 Winnecke 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 Winnecke 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 Winnecke 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 costeaming 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 costeaming.

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 Winnecke 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 costeaming. 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 BY WESTERN DESERT RESOURCES

Year 5
An airborne magnetic/radiometric survey was flown by UTS geophysics during November 2007 and January 2008. The survey covered the entire tenement as shown on figure 5.

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 5. The survey used the SkyTEM system with a terrain clearance of 30 metres. The traverse line spacing was 150 metres.

EXPLORATION COMPLETED DURING CURRENT YEAR

Interpretation of airborne EM survey
The EM data collected in January 2008 was processed by Geoforce. The SkyTEM data was inverted using iTEm, a layered-earth inversion algorithm. Details of the techniques employed are detailed in the report in Appendix 1.

Desktop review
An Alice Springs-based consultant geologist was requested to review the data for this project. His report is presented in appendix 2.

RESULTS AND EXPENDITURE

Discussion of results
Interpretation of the airborne EM data (appendix 1) has delineated a number of anomalous bedrock conductors which should be followed up. These anomalies are not associated with known mineral occurrences.

The desk top review reported in appendix 2 has made a number of recommendations which will be carried out in 2009.

Expenditure
The expenditure commitment for EL 23630 for year 6 was $65,000. Actual expenditure was $35,753 as shown on the accompanying exploration expenditure form.

The expenditure was less than intended because a planned drilling programme was not completed due to commitments elsewhere in the Northern Territory.
PROPOSALS FOR FUTURE WORK

Proposed work programme for 2009 – Year 7

The proposed exploration programme for year 7 will include ground follow-up of the anomalies delineated by the airborne EM survey. A programme of geological mapping and rock chip sampling will be carried out over the Winnecke goldfield. Further work which may include costeaming or drilling will be undertaken on areas outlined by the initial field work.

The proposed expenditure on EL23630 for year 7 will be $230,000.

References