



RELINQUISHMENT REPORT

EXPLORATION LICENCE 25469

SLIDING ROCK WELL

FOR THE PERIOD 2/3/07 to 1/3/09

by

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SUMMARY

EL 25469 was granted to A W Mackie and G J Bubner on 2nd March 2007. The licence was purchased by WDR Base Metals Pty Ltd, a wholly owned subsidiary of Western Desert Resources Ltd, on May 2nd 2007. The tenement area was reduced by 50% at the end of the second year of tenure.

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 western end of 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 1978 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 southern part of the EL in late 2007 and early 2008. A ground magnetic survey was conducted over part of the Sliding Rock Well prospect in April 2008. These surveys were not conducted over the relinquished areas.

No work was completed over the relinquished parts of the tenement during the tenure.

INTRODUCTION

BACKGROUND

The Exploration Licence was held by A W Mackie and G J Bubner until it was acquired by Western Desert Resources Ltd in May 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 25469 was granted to A W Mackie and G J Bubner on 2nd March 2007. The licence was purchased by WDR Base Metals Pty Ltd, a wholly owned subsidiary of Western Desert Resources Ltd, on May 2nd 2007.

The exploration licence was reduced by 50% at the end of the second year of tenure (figure 2).

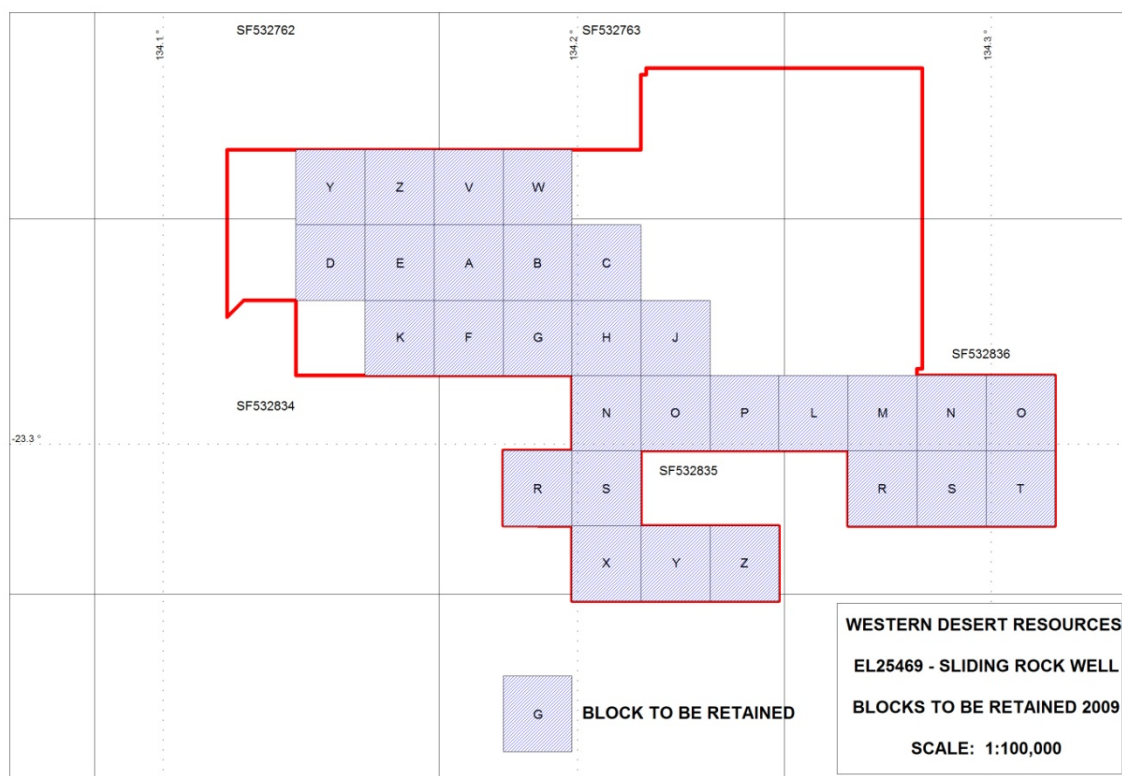


Figure 2. EL 25469 – Blocks to be retained

LAND TENURE

The tenements are located within the boundaries of Perpetual Pastoral Leases 904 (Yambah) and 1095 (The Garden).

NATIVE TITLE

The Sliding Rock Well 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 3. These sites are located in the 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. The regional geology is shown on figure 4.

LOCAL GEOLOGY

The local geology is complex and is shown on figure 5. 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 western end of 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

Amdex Mining (1978-80)

Base metal exploration was conducted over EL 1889, which covered the northern half of the project area. IP and soil surveys were carried out over the Red Rock bore, Edwards Creek and Harrys Creek prospect, which are located to the north of EL 25469. Diamond drilling at the Red Rock bore gave a best intersection of 11 metres at 0.4% Cu, 0.5% Pb and 1.7% Zn, in sulphidic quartzite.

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 4420 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 base metal prospects. The work downgraded the prospectivity for gold mineralisation of these old prospects.

CRA Exploration (1986-89)

CRAE farmed in to EL 4420 in 1986. Exploration work done consisted of an airborne radiometric and magnetic survey, and detailed assessment of the Sloan's Gully gold prospect. Rock chipping, trenching and scout core drilling were carried out. The best intersection was 5 m at 2.6 g/t Au. Auger drilling was undertaken over a number of targets from the airborne survey with negative results.

Stockdale Prospecting (1992-93)

Stockdale undertook stream sediment and BLEG sampling in the northern part of the area under EL 7669. Some weak anomalies were found, however limited follow up sampling was not encouraging.

Normandy NFM (1996-98)

EL 8164 covered the Winnecke Goldfield and the eastern portions 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 disappointing with few anomalous gold values.

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.

Tanami Gold (2003-2006)

Exploration was conducted on ELs 9774 and 23630 during this period.

EL 9774 covered a substantial portion of the current licence area and was explored in joint venture by BHP and Teck Cominco. Three ground magnetic traverses were completed and some rock chip and soil sampling was done. No encouraging results were received.

Rock chip sampling was completed in EL 23630 over the Sloan's Gully and Sliding Rock prospects. Some anomalous gold results were reported but were not followed up.

EXPLORATION BY WESTERN DESERT RESOURCES LTD

Western Desert Resources Ltd (WDR) undertook airborne magnetic/radiometric and EM surveys over the southern part of the EL in late 2007 and early 2008. A ground magnetic survey was conducted over part of the Sliding Rock Well prospect in April 2008. These surveys were not conducted over the relinquished areas.

No work was completed over the relinquished areas during the tenure.

References

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