RELINQUISHMENT REPORT

EXPLORATION LICENCE 25338

BURT PLAIN

2010

by

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1:250000 Alice Springs

1:100000 Burt

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SUMMARY

The tenement is located about 40km north of Alice Springs in the southern part of the Northern Territory.

EL 25338 was granted to A W Mackie on 8th January 2007. The licence was purchased by WDR Base Metals Pty Ltd, a wholly owned subsidiary of Western Desert Resources Ltd, on May 2nd 2007.

Western Desert Resources Ltd entered into a joint venture agreement with NuPower Resources Ltd for energy minerals over this tenement in February 2008. The tenement is also considered to be prospective for nickel and base metals.

The tenement is located within the Arunta Block of Palaeoproterozoic to Mesoproterozoic age.

The project area is underlain by high-grade metamorphic rocks of the Strangways Metamorphic Complex, which forms part of the Central Province of the Arunta Block.

Work completed by Western Desert Resources and NuPower Resources within the relinquished areas has included a regional gravity survey, and airborne EM survey, bore water and stream sediment sampling.

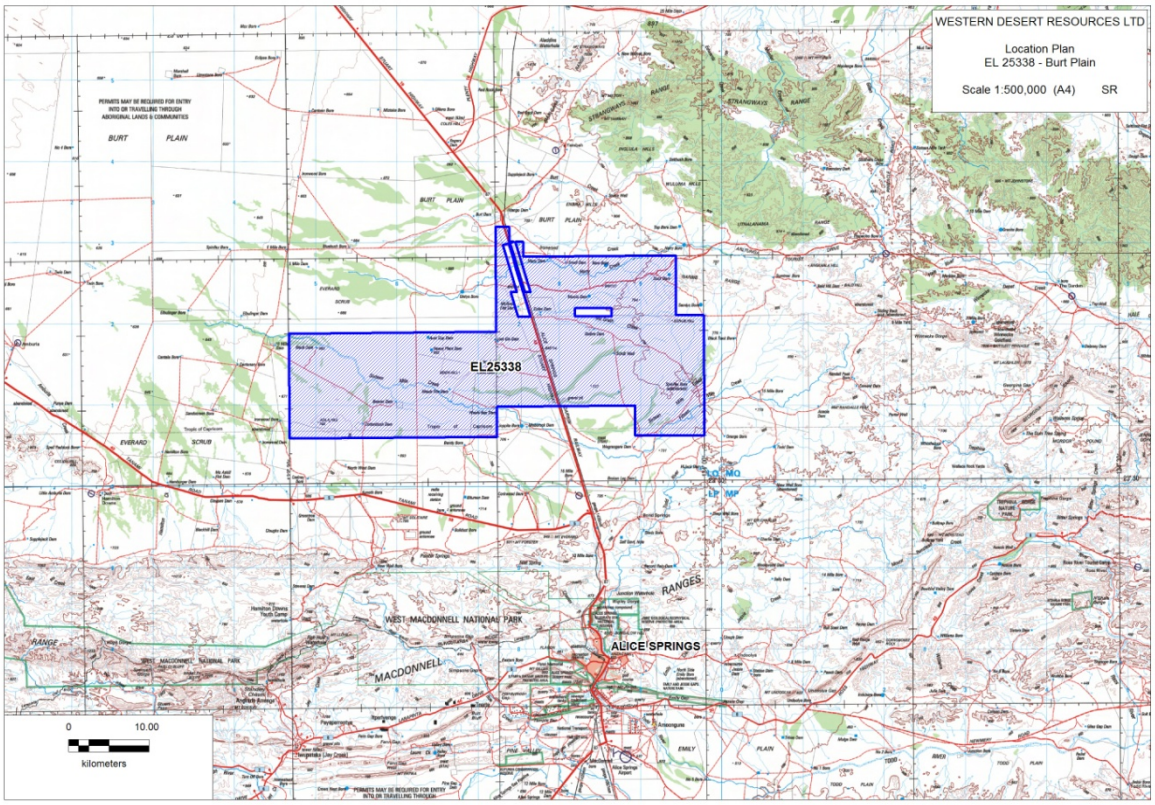
INTRODUCTION

BACKGROUND

The Exploration Licence was held by A W Mackie until it was acquired by Western Desert Resources Ltd in May 2007. The tenement covers the prospective combined magnetic/gravity anomalies at the Capricorn Prospect. NuPower Resources Ltd (NUP) are farming in to the tenement and exploring for energy metals.

LOCATION AND ACCESS

The tenement is located about 40km north of Alice Springs in the southern part of the Northern Territory (see figure 1).



Access is by the sealed Stuart Highway from Alice Springs, and thence by station tracks.

CLIMATE

The climate is arid, sub-tropical with cold winters and hot summers. The average annual rainfall is 280mm with most falls in summer months.

TOPOGRAPHY AND VEGETATION

The Burt Plain project is located in flat feature-less country. Intermittent creeks cross the area. The soils are poorly developed on sand dunes. Vegetation is sparse.

TENURE

MINING/MINERAL RIGHTS

EL 25338 was granted to A W Mackie on 8th January 2007. The licence was purchased by WDR Base Metals Pty Ltd, a wholly owned subsidiary of Western Desert Resources Ltd, on May 2nd 2007.

Western Desert Resources Ltd entered into a joint venture agreement with NuPower Resources Ltd for energy minerals over this tenement in February 2008.

A 50% reduction of the licence occurred on the third anniversary date.

LAND TENURE

The tenement is located within the boundaries of Perpetual Pastoral Leases 960 (Bond Springs), 1145 (Hamilton Downs) and 904 (Yamba).

NATIVE TITLE

The Burt Plain project does not currently fall within the area of a registered Native Title Claim.

A Native Title agreement was signed between Western Desert Resources Ltd and the Central Land Council on 20th September 2007.

ABORIGINAL SACRED SITES

There are no known sacred sites within the project area.

GEOLOGY

REGIONAL GEOLOGY

The tenement is located within the Arunta Block of Palaeoproterozoic to Mesoproterozoic age. The block consists of meta-igneous and meta-sedimentary rocks which have been strongly deformed and metamorphosed up to granulite facies.

LOCAL GEOLOGY

The project area is underlain by high-grade metamorphic rocks of the Strangways Metamorphic Complex, which forms part of the Central Province of the Arunta Block. These rocks are exposed in the north eastern part of the area and crop out intermittently in the western portion of the licence. Much of the tenement is covered by up to 120m of Recent to Tertiary sediments.

PREVIOUS EXPLORATION

EXPLORATION BY PREVIOUS COMPANIES

White Range Gold NL (1990)

This company drilled a line of five vertical RC percussion holes over the northern part of the Capricorn Prospect, just to the west of the Stuart Highway. The holes were drilled to a depth of

about 70m and intersected magnetite-bearing mafic granulites at depths between 40 and 50m. The magnetite content of the two southern-most holes was up to 15%.

Roebuck Resources NL (1994-1996)

Roebuck explored the area for carbonatite and kimberlite pipes by means of air photo interpretation. No significant results were reported.

Rio Tinto Exploration Pty Ltd (1996-1997)

Exploration for Ni-Cu-PGE deposits associated with layered igneous intrusives was undertaken. The work included airborne magnetic, radiometric and EM surveys; ground magnetic and EM surveys; and one RC percussion hole within the current EL.

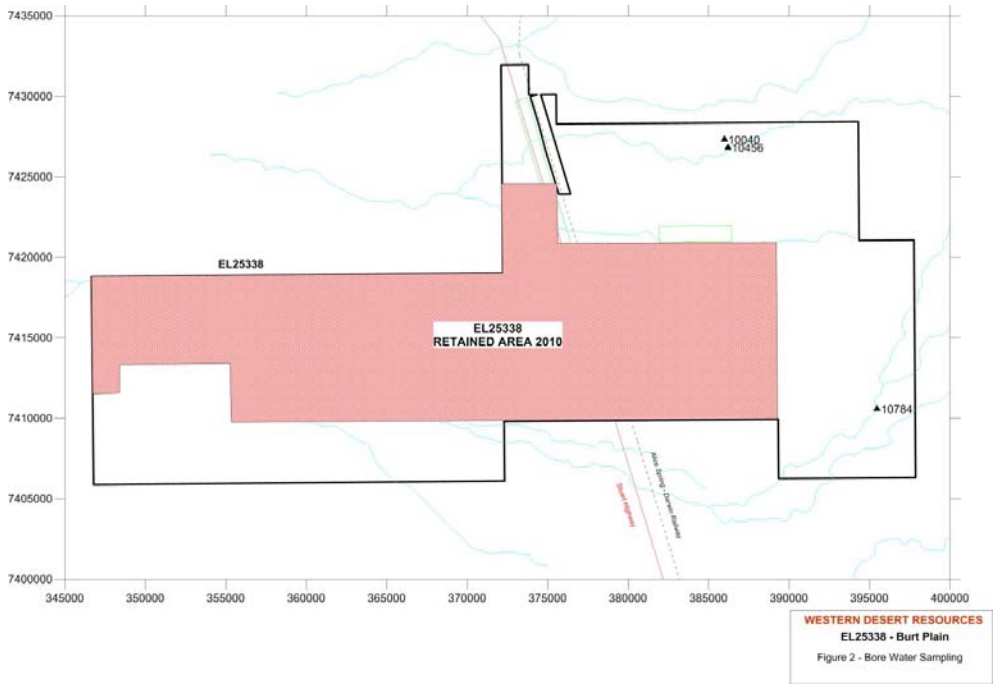
Rio Tinto reported that exploration to the west of the Capricorn Prospect had identified a strongly deformed, metamorphosed layered igneous complex. The magnetic anomalies within EL 25338 were interpreted as reflecting the basal ultrabasic zones of the complex at its eastern margin.

The single RC percussion hole was located to the north of the Capricorn Prospect and intersected basic gneiss at a depth of 78m below cover.

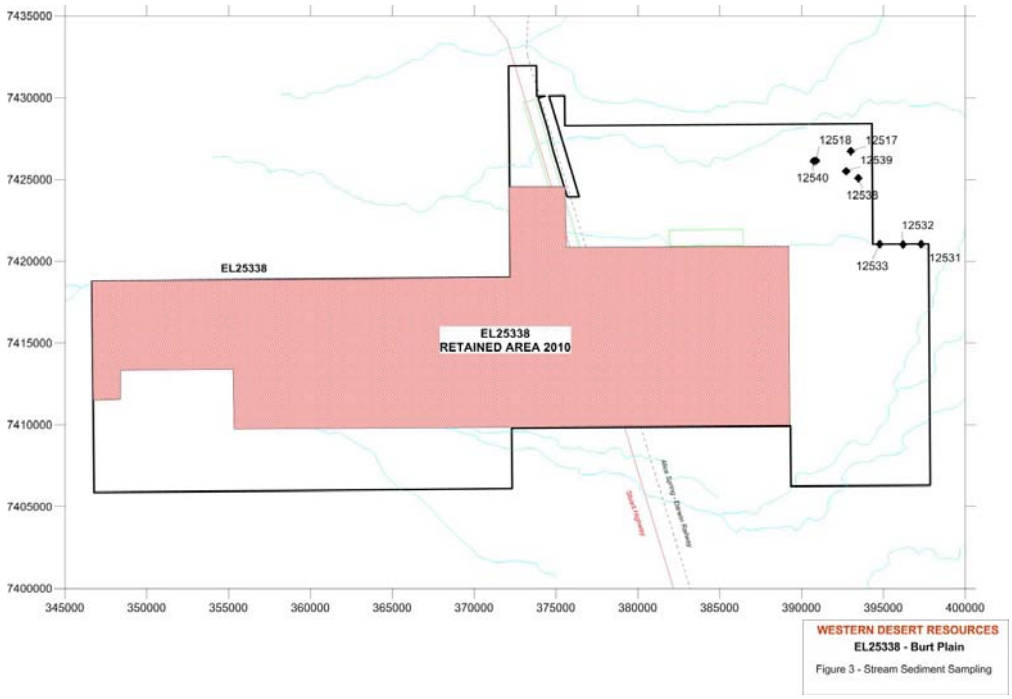
EXPLORATION COMPLETED WITHIN THE RELINQUISHED BLOCKS

BORE WATER AND STREAM SEDIMENT SAMPLING

NuPower Resources Ltd sampled the water from three station bores. Eight stream sediment samples were also collected. The sample details and results are shown in appendix 1. The locations of the water bore samples are shown in figure 2. The locations of the stream sediment samples are shown in figure 3.



The locations of the stream sediment samples are shown in figure 3.

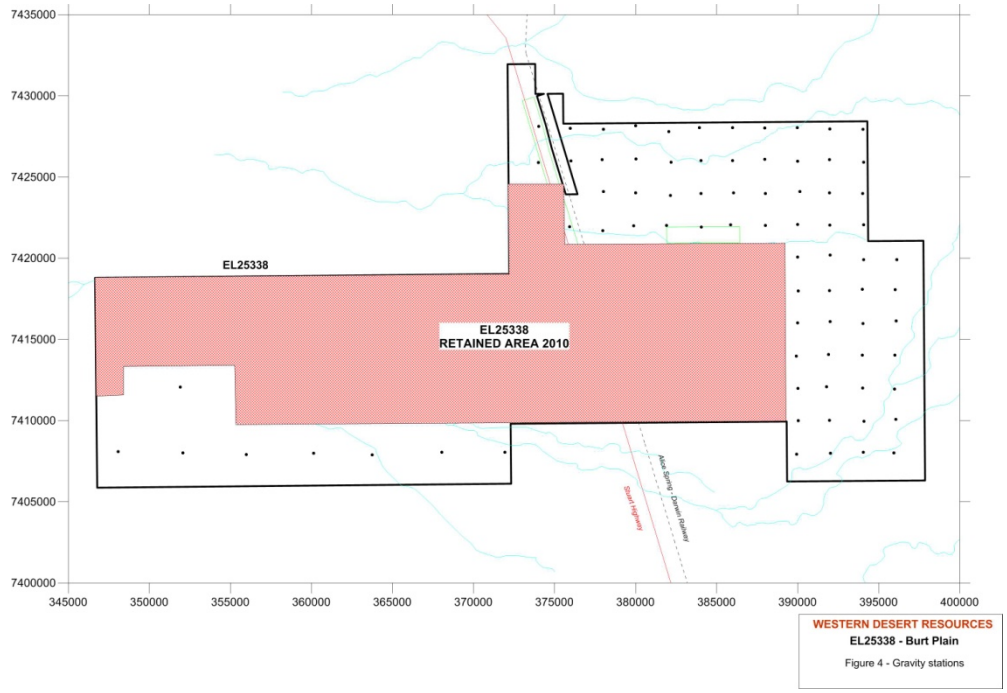


GEOPHYSICAL SURVEYS

NuPower Resources Ltd undertook an airborne EM survey and a regional gravity survey over the tenement during the year.

Gravity Survey

As part of Central Arunta Gravity survey commissioned by the NT Geological Survey, NUP contracted Atlas Geophysics to infill the 4km grid with gravity readings at 2km. The data obtained is located in appendix 2. The locations of the gravity stations are shown in figure 4.



Airborne EM survey

NUP contracted Fugro Airborne Surveys Pty Ltd to fly an airborne electromagnetic and magnetic survey over the tenement. The TEMPEST system was used. The traverse line spacing was 1000m with a nominal terrain clearance of 120m. The survey flight lines within the relinquished areas are shown in figure 5. The survey logistics report can be found in appendix 3.