ANNUAL TECHNICAL REPORT FOR EXPLORATION LICENCE 26197 VICTORY DOWNS

1st Annual Report
Reporting period 26 February 2008 to 27 February 2009

HELD BY:
QUASAR RESOURCES PTY LTD
100%

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CONTENTS

Figures

Appendices

Executive Summary

This annual report describes the exploration activities undertaken by Quasar Resources Pty Ltd (QSR) from 26 February 2008 within EL 26197.

The primary ‘on ground’ activity during this period was the collection of 1,791 gravity stations, using helicopter support, to assist with targeting IOCG anomalies and palaeochannels as well as to assist with the understanding of basement geology.

Portion of this work was the result of the NTGS’s ‘Bringing Forward Discovery’ initiative for collaboration in geophysics surveys.

Proponent Details

The operator for the exploration licence is Quasar Resources Pty Ltd.

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Contact Person

Joy Barnes – Executive Assistant/Tenement Manager

1. Location and Access

EL 26197 is situated on the Kulgera SG5305, 1:250,000 map sheet of Northern Territory. (Figure 1) The tenement covers 498 blocks approximately 1,495 km² and is located south of Erldunda AND ABUTS Exploration Licence 26194 Umbeara.

Access from Alice Springs is via the sealed Stuart Highway then access is by formed gravel roads and pastoral station tracks. (Figure 2)

2. Tenement Details

QSR holds 100% interest in EL 26197, which was granted on the 26 February 2008. The land tenure of the licence is Perpetual Pastoral Lease (see table below).

NT Portion	Type No	Owner's Name	Owner's Address
03350	PPL 1088	John Garnaut Stanes	Lyndavale Station, PMB, Alice Springs NT 0872
00324, 00898	PPL 1055	Colin Bruce Morton	Victory Downs Station via Alice Springs NT 0870
04471	PPL 1146	Colin Bruce Morton as Trustee of the Morton Family Trust	Victory Downs Station via Alice Springs NT 0870
02869, 04007, 04017, 04018, 04020	PPL 999	Umbeara Holdings Pty Ltd	Umbeara Station, PMB 66 Alice Springs NT 0872

3. Geology

Quasar is primarily targeting uranium potential of the Mesozoic and younger sedimentary cover sequence where Eromanga Basin sediments onlap the southeastern margin of the Amadeus Basin and Musgrave Block. There is also prospectivity for IOCG mineralisation in Mesoproterozoic basement rocks as well as diamonds.

The focus of uranium interest is the Mesozoic and Cenozoic sedimentary succession which is bounded by the Musgrave Block, with potential metamorphic and igneous uranium enriched source rocks. These basement rocks are dominated by felsic gneisses with protolith ages of 1590-1540Ma, which are intruded by a suite of granites (Pitjantjatjara Supersuite/formerly Kulgera Suite) dated 1190-1120Ma (Edgoose et al., 2004).

There is also additional potential for calcrete-hosted uranium mineralisation within surficial Cenozoic sediments which are characterised by ephemeral valleys and small playa lakes.

4. Geophysics

4.1 Gravity

A precision GPS-Gravity survey was conducted by Daishsat Geodetic Surveyors between 18 November and the 4 December 2008. A total of 1,533 stations were collected over the tenement at a nominal station spacing of 1km. In addition to the

1km spaced a total of 258 infill stations were collected in an area of 7 x 8 km covering the largest gravity anomaly identified in the 1x1km survey. Infill stations were at 250m and 500m spacing. The entire survey consists of 1,791 gravity stations.

This survey was conducted as part of a larger survey covering three explorations licenses operated by Quasar Resources. A full logistics report which details the acquisition methodology and data processing by Daishsat is included in Appendices A, B and C. Figure 3 shows the Bouguer gravity image covering this exploration licence, as well as the location of the survey stations.

The infill survey area has been imaged separately. Figures 4 and 5 show the Bouguer gravity and the residual gravity image covering the anomaly. Residual gravity data was calculated by removing a 21 x 21 cell moving average filter from the Bouguer gravity grid. Further modelling and structural interpretation is required.

Stations were accessed using a Robinson R-44 Helicopter and Yamaha Rhino ATV's. Gravity measurements were made using Scintrex CG-3, Scintrex CG5 and LaCoste & Romberg Type-G gravity meters. Position and level data was obtained using Leica 1230GG geodetic grade GPS receivers collecting GPS and GLONASS positional information operating in post-kinematic mode. Data was processed by Daishsat using standard reductions to the ISOGAL84 gravity network using Geosoft GRAVRED software.

The 1km x 1km survey was the result of the NTGS's "Bringing Forward Discovery" initiative for collaboration in geophysics surveys. The infill survey work was not part of the collaboration.

5. Expenditure

EL 26197 Victory Downs Expenditure
1 March 08 - 28 Feb 09

	$
Exploration HO - Cost Alloc	80.70
External Services	102.56
Management Fee	14,051.15
Manpower	10,638.43
Rents	9,960.00
Seminars & Conferences	453.12
Office Support	1,668.00
Surveying-Geophysical Airborne	93,202.50
Travel - Commercial Flights	747.45
Travel - M/ Vehicle Taxi Fares	50.72
Travel - Accommodation & Meals	357.50
Total	$131,312.13

6. Conclusions and recommendations

Improved gravity coverage over the tenement has aided significantly in determining the nature of the boundary between the Musgrave block and the Amadeus basin. Several NW trending structures have also been identified. A detailed structural

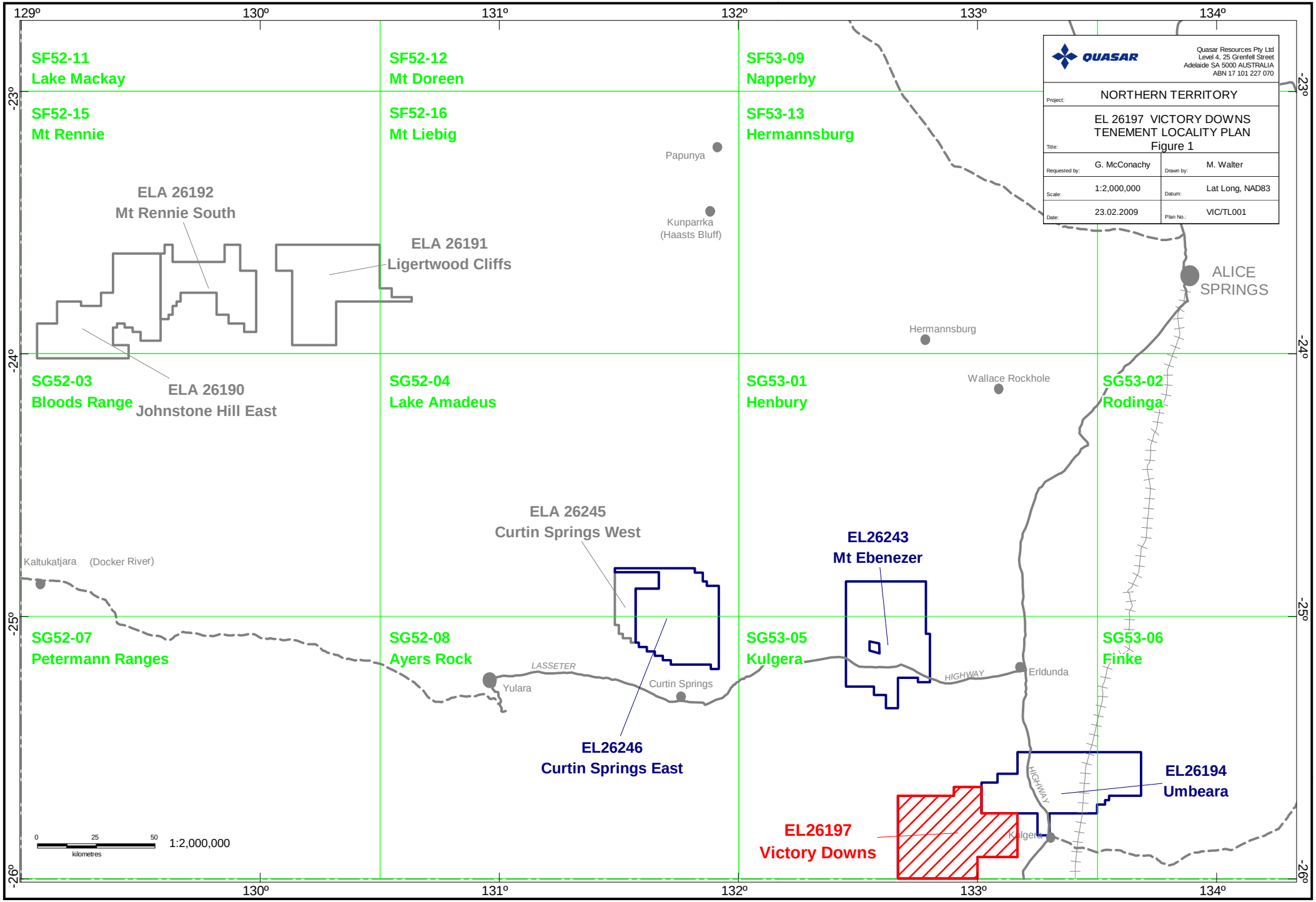
interpretation is still required along with modelling of the gravity and magnetic data including 3D inversions.

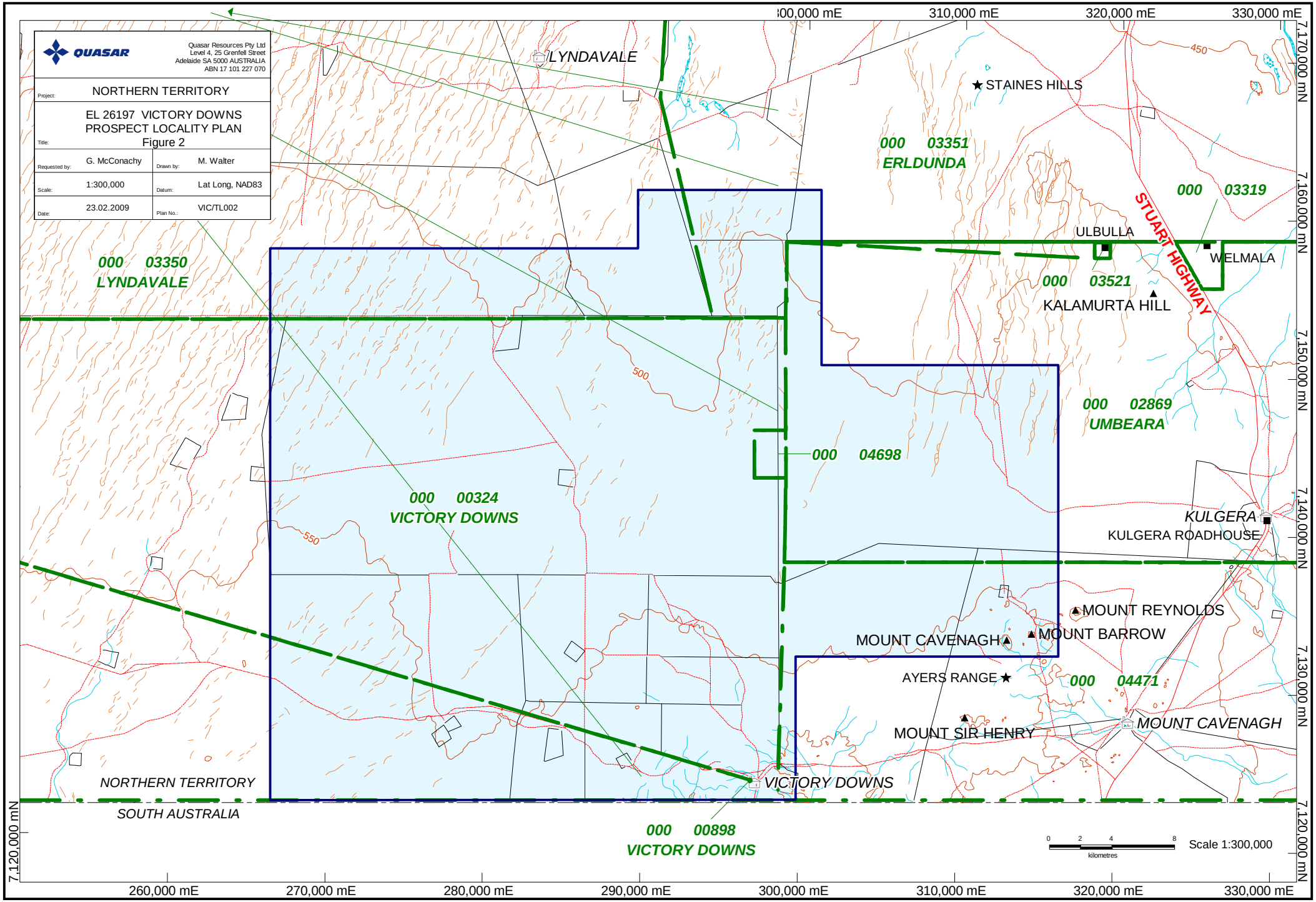
Detailed gravity coverage over one anomalous area (Figure 4) has shown structural complexity not seen in the existing magnetic data. This anomaly is enhanced by reviewing the residual gravity data as shown in Figure 5. This is an IOCG target that requires follow up work. This may include ground electrical geophysics (electro-magnetics and/or induced polarisation) and diamond drill testing.

Soil geochemistry sampling is proposed for evaluating potential for sandstone and calcrete uranium mineralisation. In association with results from such sampling and the structural analysis of potential field data, air-core or RAB drilling is being considered. This would initially be to identify the existence and nature of palaeo drainage systems and identify the nature of the sediments as reduced or oxidised to help provide vectors to potential mineralisation. Airborne EM is also being considered to map any palaeo channels identified.

7. References

Edgoose,C.J., Scrimgeour, I.R., & Close, D.F., 2004 Geology of the Musgrave Block, Northern Territory. NTGS Report 15


129º
130º
131º
132º
133º
134º
-23º
-24º
-25º
-26º
SF52-11
Lake Mackay
SF52-12
Mt Doreen
SF53-09
Napperby
SF52-15
Mt Rennie
SF52-16
Mt Liebig
SF53-13
Hermannsburg
Papunya
Kunparrka
(Haasts Bluff)
ELA 26192
Mt Rennie South
ELA 26191
Ligertwood Cliffs
ALICE
SPRINGS
Hermannsburg
Wallace Rockhole
SG52-03
Bloods Range
ELA 26190
Johnstone Hill East
SG52-04
Lake Amadeus
SG53-01
Henbury
SG53-02
Rodinga
ELA 26245
Curtin Springs West
EL26243
Mt Ebenezer
Kaltukatjara
(Docker River)
SG52-07
Petermann Ranges
SG52-08
Ayers Rock
SG53-05
Kulgera
SG53-06
Finke
LASSETER
HIGHWAY
Yulara
Curtin Springs
Erldunda
EL26246
Curtin Springs East
EL26194
Umbeara
EL26197
Victory Downs
Kulgera
0
25
50
kilometres
1:2,000,000
QUASAR
Quasar Resources Pty Ltd
Level 4, 25 Grenfell Street
Adelaide SA 5000 AUSTRALIA
ABN 17 101 227 070
Project:
NORTHERN TERRITORY
Title:
EL 26197 VICTORY DOWNS
TENEMENT LOCALITY PLAN
Figure 1
Requested by:
G. McConachy
Drawn by:
M. Walter
Scale:
1:2,000,000
Datum:
Lat Long, NAD83
Date:
23.02.2009
Plan No.:
VIC/TL001


QUASAR
Quasar Resources Pty Ltd
Level 4, 25 Grenfell Street
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ABN 17 101 227 070
Project: NORTHERN TERRITORY
Title: EL 26197 VICTORY DOWNS PROSPECT LOCALITY PLAN Figure 2
Requested by: G. McConachy
Drawn by: M. Walter
Scale: 1:300,000
Datum: Lat Long, NAD83
Date: 23.02.2009
Plan No.: VIC/TL002
LYNDAVALE
STAINES HILLS
000 03351
ERLDUNDA
000 03319
STUART HIGHWAY
ULBULLA
WELMALA
000 03521
KALAMURTA HILL
000 03350
LYNDAVALE
500
000 02869
UMBEARA
000 04698
000 00324
VICTORY DOWNS
550
KULGERA
KULGERA ROADHOUSE
MOUNT REYNOLDS
MOUNT CAVENAGH
MOUNT BARROW
AYERS RANGE
000 04471
MOUNT SIR HENRY
MOUNT CAVENAGH
NORTHERN TERRITORY
SOUTH AUSTRALIA
VICTORY DOWNS
000 00898
VICTORY DOWNS
450
Scale 1:300,000
kilometres
310,000 mE
320,000 mE
330,000 mE
7,170,000 mN
7,160,000 mN
7,150,000 mN
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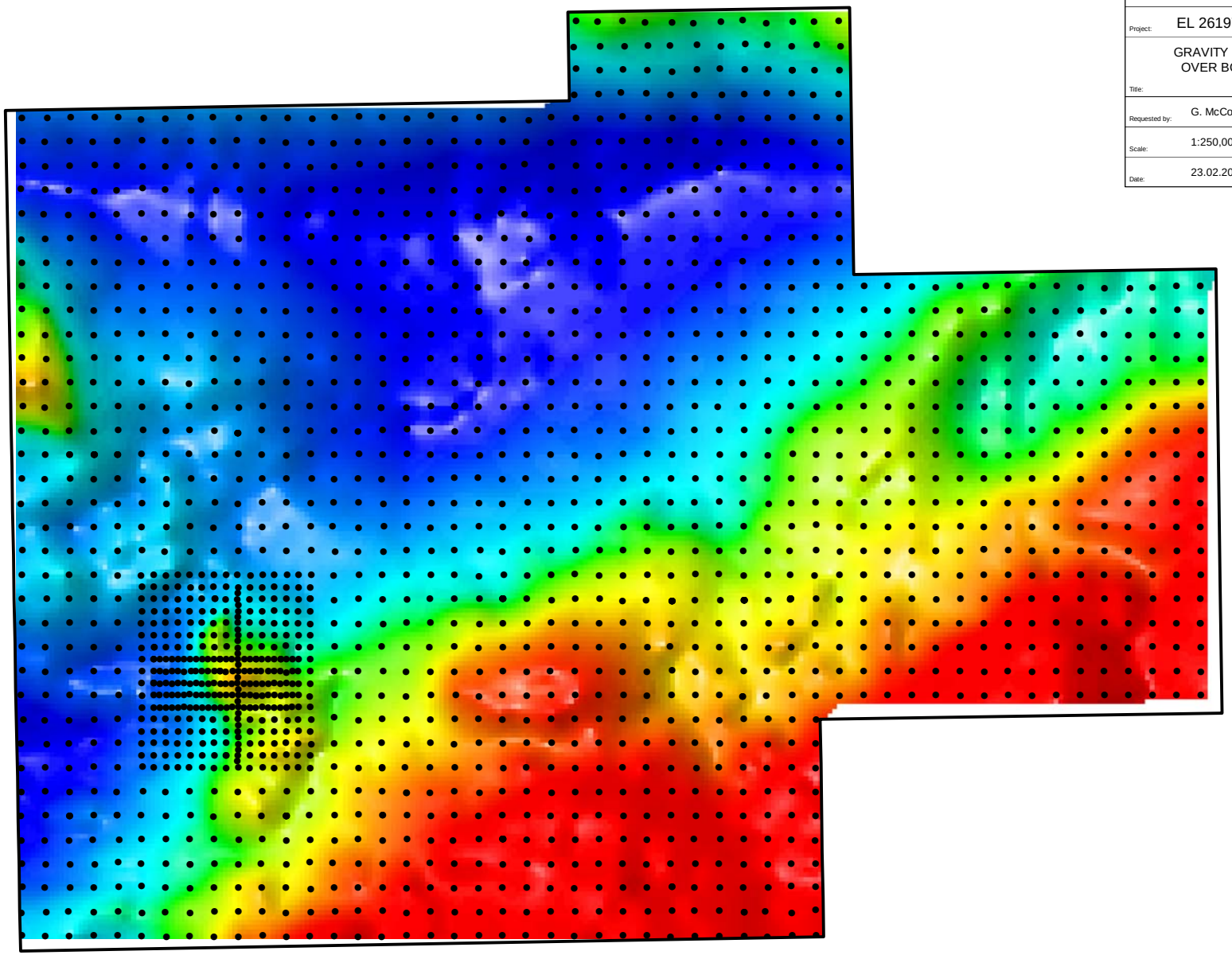
300,000 mE



QUASAR

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ABN 17 101 227 070

Project: EL 26197 VICTORY DOWNS, NT

Title: GRAVITY STATION LOCALITY PLAN
OVER BOUGER GRAVITY IMAGE
Figure 3

Requested by:	G. McConachy	Drawn by:	M. Walter
Scale:	1:250,000	Datum:	MGA 94, Zone 53
Date:	23.02.2009	Plan No.:	VIC/GPX001

270,000 mE

280,000 mE

7,140,000 mN

7,130,000 mN

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ABN 17 101 227 070

Project:	EL 26197 VICTORY DOWNS, NT
Title:	BOUGER GRAVITY IMAGE OVER INFILL AREA Figure 4
Requested by:	J. Caon
Drawn by:	M. Walter
Scale:	1:100,000
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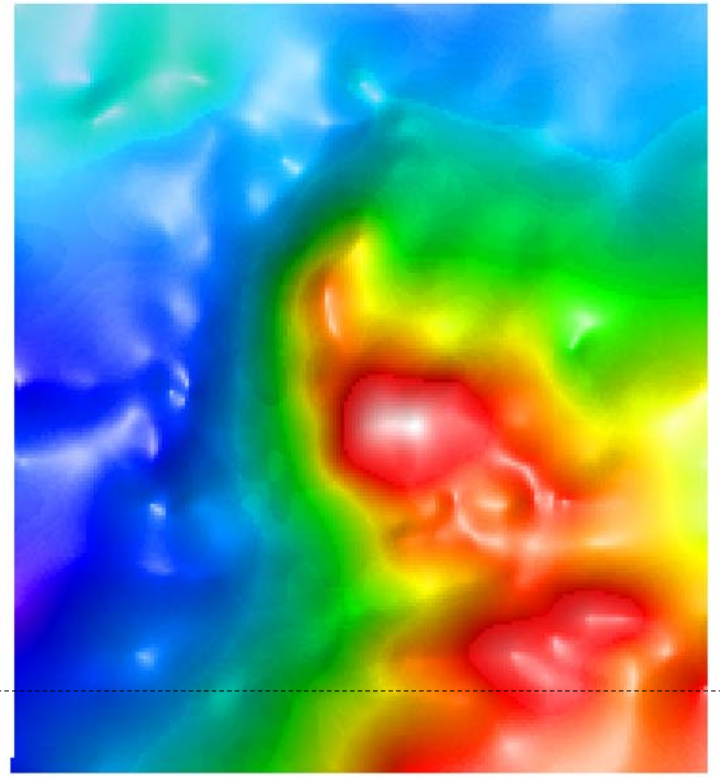
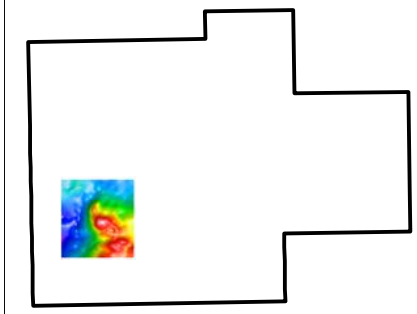
Date:	24.02.2009
Plan No.:	VIC/GPX002



Bouguer Gravity
(2.67 g/cm³)
mGal

LOCALITY PLAN



0 1 2
kilometres

Scale 1:100,000

270,000 mE

280,000 mE

7,140,000 mN

7,130,000 mN

270,000 mE

280,000 mE

7,140,000 mN

7,130,000 mN

Quasar Resources Pty Ltd
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Adelaide SA 5000 AUSTRALIA
ABN 17 101 227 070

Project:	EL 26197 VICTORY DOWNS, NT
Title:	RESIDUAL GRAVITY IMAGE OVER INFILL AREA Figure 5
Requested by:	J.Caon
Drawn by:	M. Walter
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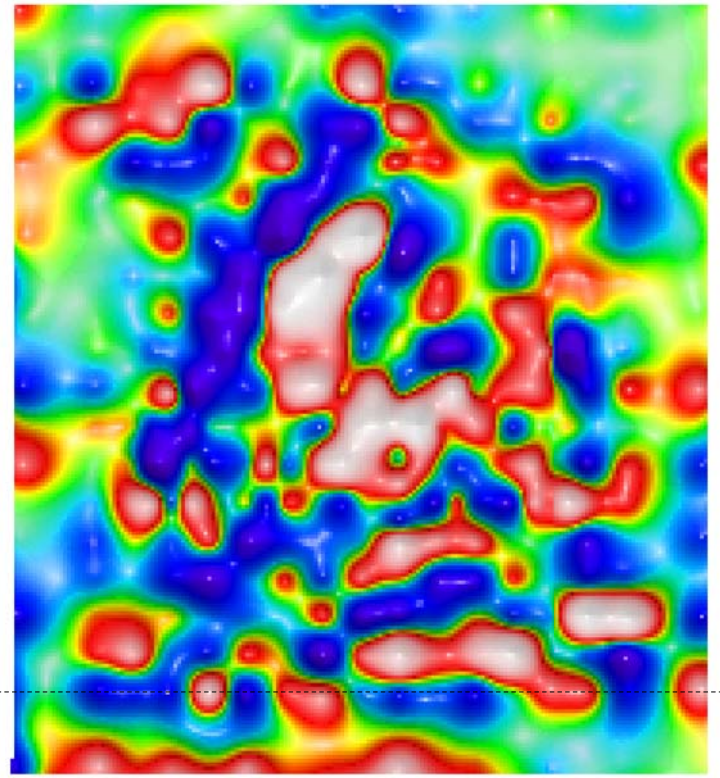
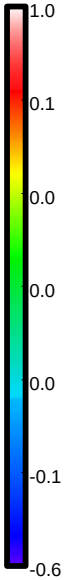
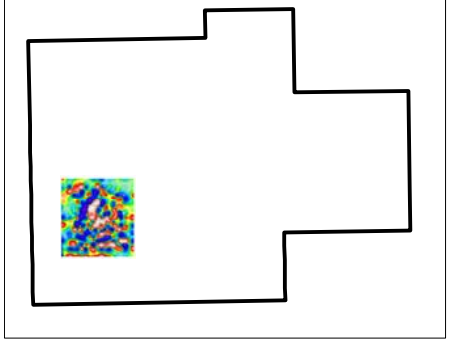
Plan No.:	VIC/GPX003





Bouguer Gravity (2.67 g/cm³) mGal

LOCALITY PLAN



0 1 2
kilometres

Scale 1:100,000