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

Executive Summary .................................................................................................................. 3
Proponent Details ..................................................................................................................... 4
1. Location and Access ............................................................................................................ 5
2. Tenement Details ............................................................................................................... 5
3. Geology .............................................................................................................................. 5
4. Geophysics ........................................................................................................................ 5
4.1 Gravity .............................................................................................................................. 5
5. Expenditure ........................................................................................................................ 6
6. Conclusions and recommendations ..................................................................................... 6
7. References .......................................................................................................................... 7

Figures

1. Tenement Locality Plan Scale 1:2,000,000
2. Victory Downs Prospect Locality Plan with landowners Scale 1:300,000
3. Gravity Station Locality Plan over Bouger Gravity Image Scale 1:250,000
4. Bouger Gravity Image over infill area Scale 1:100,000
5. Residual Gravity Image over infill area Scale 1:100,000

Appendices

1. Processed Data from Gravity Survey
2. Raw Data from Gravity Survey
3. Daishsat Pty Ltd Final Gravity Survey Report
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 Eldunda 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).

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<td>PPL 999</td>
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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

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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 (electromagnetics and/or induced polarisation) and diamond drill testing.

Soil geochemistry sampling is proposed for evaluating potential for sandstone and calcrite 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
