ANNUAL REPORT

EXPLORATION LICENCES 25657

CLOUGHS DAM

FOR THE PERIOD 30/8/07 to 29/8/08

YEAR 1

by

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1:250000 Hermannsburg
1:100000 Macdonnell Ranges

September 2008
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INTRODUCTION

BACKGROUND
The Exploration Licence has been little explored in the past. It is prospective for uranium, rare earths and base metal deposits.

LOCATION AND ACCESS
The tenement is located about 50km northwest 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 the sealed Tanami Road to the north east portion of the EL. Access within the project area is by station tracks. Much of the area is inaccessible to vehicles due to the rugged terrain.

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 topography of the area can be divided into three regions: Chewings Range in the central part of the EL, the MacDonnell Ranges in the south and Burt Plain to the north.

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. Burt Plain is poorly vegetated with spinifex and isolated trees.
TENURE

MINING/MINERAL RIGHTS
EL 25657 was granted to Alistair Mackie on 30th August 2007. The licence was transferred to WDR Base Metals Pty Ltd, a wholly owned subsidiary of Western Desert Resources Ltd, on 17th June 2008.

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

NATIVE TITLE
The Cloughs Dam project does not currently fall within the area of a registered Native Title Claim.

ABORIGINAL SACRED SITES
There are no known sacred sites within the project area.

GEOLOGY

REGIONAL GEOLOGY
The project area straddles the contact between the Aileron Province and the Warumpi Province of the Palaeoproterozoic Arunta Block. The Aileron Province forms part of the North Australia Craton and is aged between 1865-1740 Ma. The Warrumpi Province is aged between 1690-1600 Ma and is thought to have accreted onto the craton at 1640 Ma.

LOCAL GEOLOGY
The local geology is complex and is shown on figure 3. The Aileron Province is represented by the Illyabba Metamorphics, consisting of biotite gneiss, amphibolites and granitic gneiss, and the Strangways Metamorphic Complex, consisting of granitic and basic gneisses. It is separated from the granitic gneisses and quartzites of the Warrumpi Province to the south by the Charles River Thrust/Fault zone. The Warrumpi Province is made up of the Iwupataka Metamorphic Complex, the Teapot Granite Complex and the Madderns Yard Metamorphic Complex. The Redbank Thrust Zone which crosses the northern part of the licence consists of mylonitic rocks and forms a prominent scarp. Tertiary sediments occur north of the thrust with some isolated outliers of Arunta age rocks.

PREVIOUS EXPLORATION

MINING HISTORY
No mining has been carried out in the area.

EXPLORATION BY PREVIOUS COMPANIES
Little previous exploration has been done over the tenement area.

CRA Exploration (1971-72) CR1972/64
CRA Exploration explored the northern and western parts of the area for uranium and base metals. A stream sediment survey was completed and station bores were sampled. Car borne scintillometer
traverses were completed during the collection of the station bore samples. No anomalous base metal or uranium values were reported from the stream sediment survey. Anomalous uranium and radon values were found in water samples from the Bulldust and New Well bores within the current EL.

**CRA Exploration (1981-82) CR1982/274**
CRA Exploration explored EL3100 during 1982 for sedimentary-hosted uranium deposits. This tenement was situated immediately north of the current EL. Two holes were drilled south of Hamilton Downs homestead and did not intersect any uranium mineralisation.

**EXPLORATION COMPLETED DURING CURRENT YEAR**

**GEOCHEMICAL SURVEYS**

**Regional stream sediment survey.**
A regional stream sediment survey with helicopter support was completed during May 2008. The survey covered the entire tenement as shown on Figure 4 and 5, and 134 samples were collected. A sample of -5mm stream sediment was collected from each site. This was split off-site and one portion was retained for BLEG analysis for gold and the other portion was sieved to -40# for multi-element analysis by ICP-Mass Spectrometry. All of the analyses were carried out by ALS Chemex.

The results and locations of the samples are shown in appendix 1. All coordinates are in GDA94.
Water bore sampling.
Three water bores in the north eastern part of the licence were sampled. The results are given in appendix 2. The locations of the sampled bores are shown on figure 6.

RESULTS AND EXPENDITURE

Discussion of results
The results of the stream sediment survey show some anomalous areas for Ce, La, U and Th, which will require ground follow-up. Two creeks in the northern part of the EL, samples CD10 and 11, show weakly anomalous base metal values and will require ground checking.

The results from the BLEG sampling are not considered to be anomalous.

Anomalous water geochemistry has been reported from two of the water bores sampled.

Expenditure
The expenditure commitment for EL 25657 for year 1 was $40,000. Actual expenditure was $40,480 as shown on the accompanying exploration expenditure form.

PROPOSALS FOR FUTURE WORK

Proposed work programme for 2008/9 – Year 2
The proposed exploration programme for year 2 will include an airborne EM survey over the northern part of the EL, ground follow-up of the stream sediment survey and reconnaissance geological mapping. Depending on the results of this initial work further exploration including surface sampling, costeining and drilling may be undertaken.

The proposed expenditure on EL25657 for year 2 will be $65,000.

References