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1. SUMMARY

EL 24967 is roughly 60 kilometres North of Tennant Creek, lying east of the Stuart Highway. Territory Uranium Company Pty Ltd's primary exploration targets within EL24967 are Tennant Creek style copper, gold, bismuth mineralisation. Work during Year 1 of tenure consisted of a review of both NTGS data, and compilation of significant results from Industry reports. Geochemical data was georeferenced in MapInfo to outline areas of identified anomalies. Exploration within the Licence has occurred for 30 odd years; Uranerz explored the region in the 70's where they noted that U mineralisation in chloritised shales had been intersected in local gold copper mines in the district. Subsequently Geopeko, Western Mining, Poseidon and several other major companies have concentrated there exploration for Au-Cu-Bi ironstone bodies on the south western portion of EL24967.

Work during Year 2 will include field reconnaissance, sampling and remote data acquisition that was regrettably not completed during the current year.

2. LOCATION AND ACCESS

EL24967 is situated approximately 40km to the North of Tennant Creek, NT (Figure 1). The western boundary of the Licence runs approximately seven kilometres east of the Stuart Highway, while the northern eastern boundary partly includes sparse but operational dirt roads. The southern boundary is approximately 25 kilometres north of the Barkly Highway and the track on the eastern perimeter of the tenement bounds the track to Rockhampton Downs and Wogyala.

Topography for most of the tenement is low relief, with some floodplains. The western border of the Licence has higher relief. The tenement has numerous creeks which can flood in heavy rains during the wet season. The northern boundary encompasses the southern end of Brunchilly Creek and the western boundary includes Hayward Creek.

The area has arid, ‘tropical’ climate with long hot summers and short mild winters. Rainfall peaks over the summer period (December to February) with up to 100mm during January (mostly storm related). Temperatures can range from 10°C during the winter into the high 30s for extended periods during summer.
3. TENEMENT STATUS AND OWNERSHIP

EL 24967 was granted on 31st July 2006 and expires on 30th July 2012. It comprises 448 graticular blocks (1310 sq km) (Figure 1). There are no other current mining leases or mineral claims shown within the Licence boundaries.

Underlying cadastre is all Perpetual Pastoral Lease, owned by several parties, including:
J. Warby, S. Kidman and Co Ltd. and A.A. & P. Joint Holdings Pty Ltd.

The expenditure covenant set for the first year was $38,800.

4. GEOLOGY

EL 24967 is situated in the north eastern portion of the Tennant Creek SE 53-14 1:250,000 Geological Map Sheet. A full description of the most recent geological interpretation of the geology and stratigraphy of Tennant Creek region can be found in the 1:250,000 Tennant Creek Geological map series and explanatory notes (Donnellan, et al 1999).

The tenement area covers the top half of the north eastern portion of the Tennant Creek SE 53-14 1:250,000 Geological Map Sheet. The Palaeoproterozoic geology of EL24967 includes the Churchills Head Groups - Tomkinson Creek Subgroup (includes the Haywood Creek Formation) in the west and to the south the Flynn Subgroup (includes the Brumbreu Formation) further to the east Palaeozoic Cambrian is exposed as Gum Ridge Formation and Anthony Lagoon Beds subcrop (Figure 2). Extensive Alluvial Red soil plains channel through the centre of the tenement, these are flanked to the east by black soil plains and to the west by subcropping undifferentiated Haywood Creek Formation and Gum Ridge Formation.

The Haywood Creek Formation depositional environment is postulated to be Fluvialite, intertidal/shallow marine. The Brumbreu Formation is interpreted to be a marginal marine to fluvialite depositional environment. The Wundirgi Formation is predominantly subaqueous (deep water marine to littoral) with a minor subaerial component comprising felsic surge and fall deposits (Donnellan, et al 1999).
The structure within the south western portion of the tenement is most striking being synclinal Haywood Creek Formation. Faulting is mostly in a north west and south east direction.

There are no recorded MODAT occurrences within EL24967, however the Whippet Mine lies two kilometres south of the southern most boundary of the tenement. This was an abandoned gold mine. There is also a cluster of prospects/mines five to ten kilometres to the south west of the southern most boundary of EL24967.

Geopeko delineated the ‘Explorer 98’ prospect (location 19°08’40", 134°15’40”). The target was evaluated and found most likely to be a linear geophysical anomaly interpreted most likely to be a basic dyke. No further work was completed on this target.

5. PREVIOUS EXPLORATION

Part of the work done on EL24967 for this year includes a literature review and data compilation and the results are in the section below. Figure 3 shows the graticular block numbers within EL 24967, and Appendix 1 contains the list of previous tenure, plus the graticular blocks within EL 24967, and significant reports from previous tenure. Use Figure 3 and blocks in Appendix 1 to see the extent of previous tenure within EL 24967.

The eastern portion of EL1669 covered the south western segment of EL 24967. Uranerz Australia were prospecting for Vein like Uranium Deposits (Alligator River Type Uranium Deposits located near an unconformity) but received ‘no encouraging results’. Drilling showed that the magnetic features were dolerite sill/dykes. A Note was made that Uranium mineralisation has been reported in chloritised shales and been intersected in local gold mines. Uranerz also made the following observations

- Predominantly thorium anomalies
- Basal Grit heavy metal accumulation underlying the ‘Blanche Creek Conglomerate are examples of dirty cross bedded sandstones with heavy mineral bands with readings up to 500cps.
- Laterite cover with readings up to 250cps, iron enriched purple brown arkosic sandstones with readings up to 125cps.
- Ironstones eg at Last Hope Mine have readings up to 125cps.
- Possible dolerite sill north of the Last Hope Mine reading 250-300cps and small lamprophyric sills up to 150cps.
The extensive EL214 intersects six blocks of the southern most section of EL24967. Geopeko were exploring for Tennant Creek style Copper – Gold (+/- Bi) deposits. Explorer 76, 77 & 78 prospects (location 19°16', 134°15'00" to 134°17'00") fall within the tenement area where an elongate gamma anomaly corresponded with Basic sills.

EL215 covered a larger area of EL24967. Once again Geopeko were exploring for Tennant Creek style Copper – Gold (+/- Bi) deposits in the 1970s'. Most useful work completed would be the outcrop geology maps. Work on the tenement included multi element sampling, and structural review. Explorer 98 (location 19°08'40", 134°15'40") was evaluated within EL24967 and found by Geopeko to be a linear geophysical anomaly interpreted most likely to be a basic dyke. No further work was completed.

EL24015 was held by Red Metals Ltd for one year (2005). No work was completed during this period.

During the mid 1980’s EL4248 was explored for diamonds by Ashton Mining and associates. 52 samples were taken, 12 gravel and 40 loam samples. No diamond indicator minerals were located.

EL5409 was explored by Giants Reef Mining/ Western Mining in the period 1988 to 1992. EL5409 covers only three blocks of EL24967. Sampling was difficult to locate on current mapping tools. EL5409 was stream sediment sampled with one location identified but discounted as the distribution of values indicated that the samples had been contaminated by windblown sediment from the Whippet Mine dumps.

EL5493 was explored by Giants Reef Exploration/ Western Mining in the period 1988 to 1992. Ground was relinquished because the Tomkinson Creek Group and Cainozoic cover was considered ‘unprospective’.

EL7653 was incorporated in SEL7716 and no work was completed on the tenement during its tenure by Giants Reef Exploration/ Western Mining.

Giants Reef Exploration/ Western Mining completed extensive exploration across SEL7716 during the 1990s. However this tenement only covers six graticular blocks of EL24967. The region was covered by gravity – ground magnetic – IP and soil gas surveys as well as aeromagnetics. A bouger gravity anomaly map shows no anomalism in the EL24967 region. Sampling was completed out of the tenement area but may prove relevant because of its proximity to EL24967. The sampling was completed over an area to the north of the Whippet Mine. These samples were
analysed using the ‘regoleach’ partial extraction method. The sampling did not
delineate any gold values but a strong linear Bismuth anomaly was thought to be
associated with dispersion from the Whippet Mine Tailings dump. Other Bi
anomalies were noted as well as Cu-Pb anomalism. No further work seems to have
been completed on these anomalies. The ‘Drillsteel’ target was north of the Whippet
Mine (but no exact location was determined) and is highlighted as a follow up target
by Giants Reef Exploration. The prospect was located using rockchipping ironstone
exposure and showed some Bismuth anomalism. Thoughts included that the
exposure may be deep extensions of the Whippet Mine mineralising system. No
follow up was completed during this tenure.

**EL7761** was held by Poseidon Gold during 1993-1994. Extensive aeromagnetics
were completed and the interpretation revealed a complex folding and faulting
pattern. Twenty two stream sediment samples were taken and analysed by BCL –
no anomalous values were obtained and the ground was relinquished with the
interpretation of extensive cover in the tenement.

**EL8733** was held by North Flinders Mines during 1995. NO work was completed
during this period.

**EL8775** covers one graticular block of EL24967. The ground was held by
Normandy/Poseidon Gold for 1996-1997 period. A gravity survey was completed
(during 1991-1993) with one anomaly outlined (134°15’, 19°15’). Underlying geology
of Flynn sub group and Tomkinson Creek Group were not thought prospective and
so relinquished.

**EL9180** covers five graticular blocks of EL24967. Normandy Gold held the ground
over the 1997 period. Tenement was sampled by vacuum drilling with ‘negative’
results. Although Au, Cu and Bi anomalism is low, Fe in places ranges from 10 to
15%. A magnetic ridge within the tenement was determined to be a dolerite dyke.
The section of vac drilling within EL24967 was referred to as the “Eiger” Prospect.
Drillhole locations were found within the NTGS Explorer database and recorded in
Appendix 2.

Carpentaria Gold and Giants Reef exploration found little to explore for in **EL9296**,
interpreting the tenement as being underlain by unprospective granite.

**EL9499** was explored by Normandy Gold commencing 1997. Aeromagnetic covered
a small area but included Radiometrics (Uranium, Thorium and Potassium).
6. EXPLORATION DURING YEAR 1

Work done during Year 1 of tenure consisted of a historic data compilation. The results of previous work are outlined in the previous section (‘Previous Work’). Work done included checking:

a) historic tenure in MapInfo, using a MapInfo file supplied by DPIFM (containing exploration tenure, but not mining tenure)

b) checking historic tenure from old Titles tenure sheets (which contain mining as well as exploration tenure) of 1:250,000 from 1962 to 1995; 1:100,000 (Barkly & Flynn) from 1974 to 1995.

c) checking NTGS datasets, such as COREDAT, MODAT, Explorer 3

d) checking open file company reports submitted for previous tenure covering EL 24967

e) georeferencing relevant maps and plans into MapInfo to obtain locations of samples and mapped geology within EL 24967 (Appendix 3).

From this work;

a) a list of previous tenure and Industry reports are in Appendix 1.

b) there are no mineral claims or mining leases recorded in the Licence area from 1976 onwards. However MLs 606, 607, 608 and 609 were noted on the 1974/1975 sheets. No follow up work has been completed on these as yet.

c) there are no MODAT occurrences within the tenement.

d) no rock chip samples, soil samples or stream sediment samples were reported in Explorer 3 or COREDAT within tenement boundaries. However 59 vacuum drillholes were completed by Normandy Gold on the Eiger prospect in the south west of EL24967.

e) no positive results from DIM Database

The data compilation work shows that uranium exploration has been sporadic and limited within EL 24967. Gold exploration has concentrated on the more traditional Tennant Creek style Copper Gold deposits in the south west of the tenement in particular. Also, indeed much of the tenement has not been explored for anything.

In summary; Much of EL24967 has not been effectively explored to date. Effective exploration has concentrated on the south western portion of the tenement mainly in the search for Tennant Creek style Au-Cu-Bi mineralisation associated with the Warramunga Formation.
Ashton completed their regional diamond survey across EL24967 and did not locate any diamond indicator minerals.

During Year 1, Territory Uranium engaged the services of consultant geophysicist (Frank Lindeman) who has produced introductory images of analytic signal and TMI aeromagnetics. (See Figures 4&5). The analytic signal highlights ‘shallow magnetic sources’ (reducing the signal of the deeper magnetic sources). There needs to be further interpretation of the magnetic data in conjunction with available geological and geochemical data.

Territory Uranium is looking for sites of Uranium enrichment along unconformities / fault structures or at changes in lithology in areas of radiometric anomalies. The exploration involves

1. Looking for deep seated crustal structures that may act as fluid conduits (examining SEEBASE data)
2. Interpretation of regional radiometrics to determine anomalies
3. Examination of water bore data, both in field and radiometric logging of chips held in the NTGS core library
4. Ground radiometric survey and reconnaissance geological mapping over airborne radiometric anomalies.

Other work in the region includes the NTGS regional phosphate study and the SEEBASE Georgina Basin study and their data is being sought. Water Bore Bore Reports are being sought from NRETA at the time of writing this report.
7. PLANNED EXPLORATION FOR YEAR 2

Planned work includes;

1. Further geophysical interpretation, including merging of geophysical data from Industry reports with the regional data (ie; data from previous ELs 9499; SEL7716; EL 7761) to highlight radiometric anomalies
2. Follow-up geological interpretation using SEEBASE data; mapping fault structures highlighted from geophysical data; using mapped geology to further delineate areas of interest
3. Field Reconnaissance/ground scintillometry/geological mapping and sampling over identified anomalies/areas of interest
4. Sampling of possible core and cuttings from Water bores within EL24967
5. Geochemical Analysis; including surface geochemical sampling during field reconnaissance
6. Vacuum drilling to test below surficial cover (if warranted after reconnaissance visit)
7. Ranking of area with other Territory Uranium tenements

Proposed expenditure is expected to be similar to what was set out in the first year covenant, at least $38,800.
8. EXPENDITURE

Expenditure (as supplied by Territory Uranium) follows

Maps and Publications $44.89
Office Studies $3180
Airborne geophysics Interpretation

TOTAL $3224.89

Not included in this figure is the Tenement Rent of $8970.00.

During the Year 1 compilation of existing open file geotechnical data was completed as well as geophysical data acquisition with minor interpretation. At least the final month of the data summary costs were not included in the expenditures due to accounting lags and will be included in the following years annual report.

9. REFERENCES