TERRITORY RESOURCES LIMITED

A.C.N. 100 552 118

Batchelor

EL25204

ANNUAL REPORT

FOR THE PERIOD

11TH October 2007 – 10TH October 2008

Darwin SD52-041:250,000 Sheet
Batchelor 5171 1:100, 000 Sheet
NORTHERN TERRITORY

SUMMARY

During the reporting period exploration activities within EL25204 comprised of reconnaissance traversing of the iron prospective rock units within the tenement. No prominent ironstone outcrops were identified, hence planned scout RC drilling of any kind has been deferred to next year as more field work is needed for drill target generation.

New QuickBird satellite was ordered through SKM during the year to assist with target generation.

The reconnaissance mapping indicated that the majority of the iron ore prospective Wildman Siltstone is overlain by sand cover and magnetite bearing laterite. Samples for geochemical analysis have been submitted for the limited laterite, quartz vein and ferruginised carbonaceous shale outcrops found in the mapping area. Results we're still pending at the time of writing this report.

Re-interpretation of airborne geophysics, literature and governmental mapping also indicated that the highly prospective geological boundary between Coomalie Dolomites and the pyrite bearing shales of the Wildman/Whites formation might be present under cover in the project area.

Total expenditure during the reporting year was $7,240.

During the next reporting period it is planned to commence a soil sampling program to test the potential of Coomalie/Wildman contact zone, as well as further mapping to identify potential outcrop.

Estimated expenditure for this work is $30,000.

1. Introduction

This report details exploration activities for iron mineralisation conducted by Territory Resources Ltd within EL25204 (Batchelor) during the year ended 10th October 2008.

EL 25204 is located about 2 ½ km south of the township of Batchelor which is located some 90km south along the Stuart Highway from Darwin, Figure 1. Access from Batchelor into and through the area is along sealed roads.

2. Tenure

Mineral Rights

EL25204 was granted to Territory Resources Limited on 11th October 2006. The current term of the tenement expires on 10th October 2012. The tenement covers 14.3km^2 or approximately 8 graticular blocks.

Aboriginal Sacred Site Clearance & Native Title

No search of the Aboriginal Areas Protection Authority's sacred site digital register has been carried out to date. This search will be undertaken prior to the commencement of next year's ground activities within the tenement area.

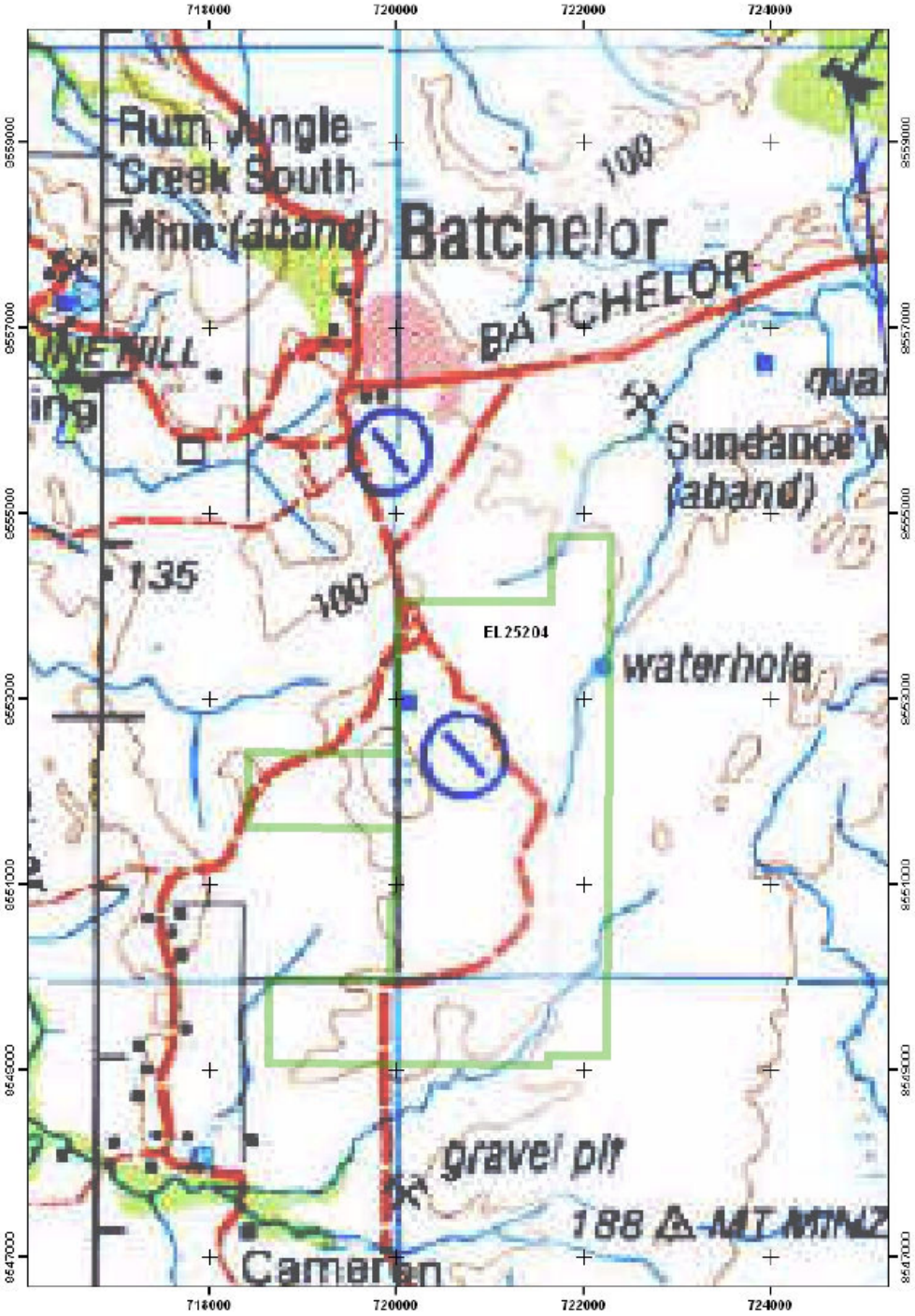

Figure 1 **EL25204 Tenement Location**

3. District Geology and Mineralisation

Palaeoproterozoic Whites Formation,Wildman Siltstone rocks and Coomalie Dolomites of the Mt Partridge Group underlie the tenement area, Figure 2.

The Whites Formation is the most widespread rock unit and comprises calcareous and carbonaceous pyritic argillite, dololutite, doloarenite and rare quartzite, ironstone, siltstone and phyllite, which at depth is reported to be pyritic and carbonaceous. It overlies some Coomalie Dolostone on the western edge of the tenement area, and is overlain by the Wildman Siltstone which is confined to the south eastern part of the tenement area, consisting mostly of shale and argillite.

These sediments have been moderately to tightly folded into a series of north trending synforms-antiforms with vertical dips or steep dips to either side of vertical. On a regional scale, however, the strata show a dominant easterly dip.

Ironstone occurrences are not known from the area and have not been observed in the field to date. Waterhouse No.4 (Modat site_id 171), a disseminated, supergene uranium enrichment related to an unconformity hosted in Whites Formation sediments, is located in the tenement area.

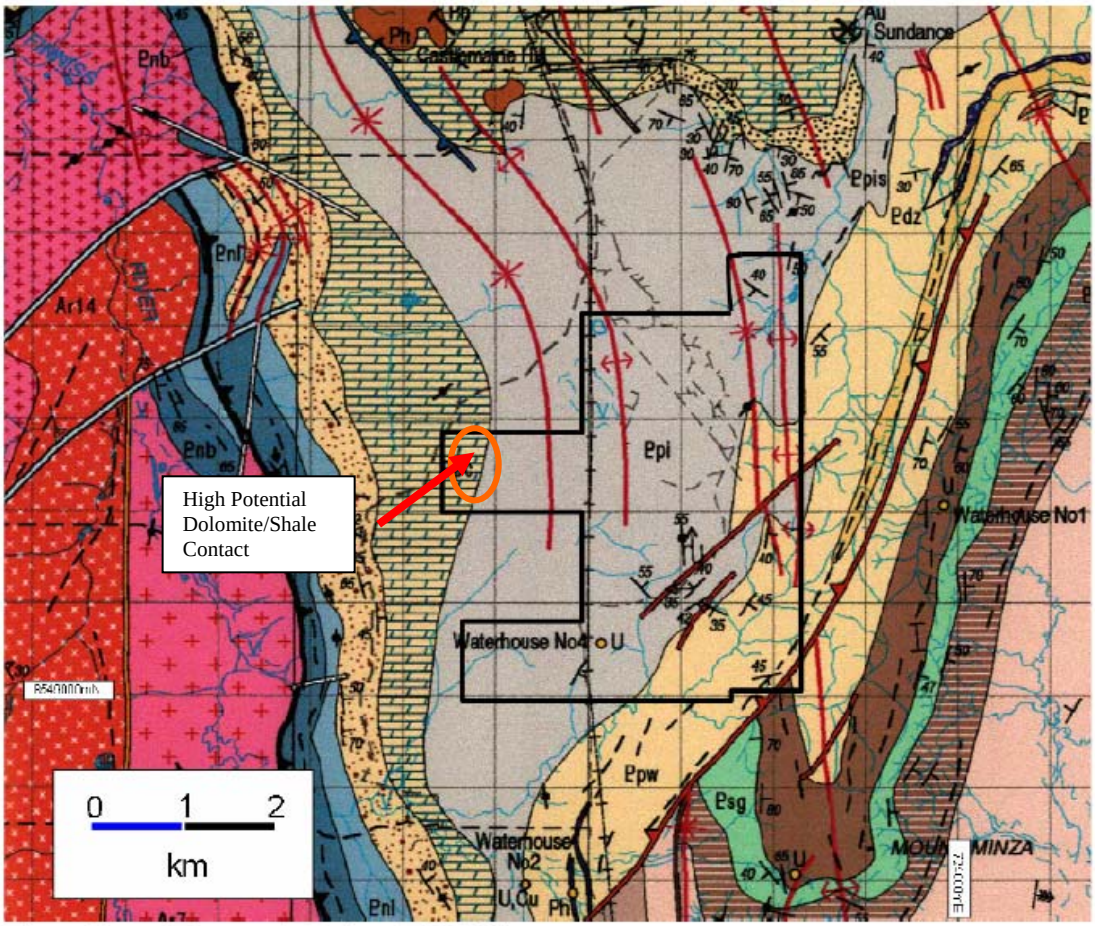

Figure 2 Tenement Geology EL25204 (refer for legend to Rum Jungle Mineral Field Geophysics and Geology Interpretation 100,000 scale map, Breschianini 2003)

4. Exploration Activities – Year 2

During the year detailed mapping was carried out over the South Eastern part of the tenement area to determine to what extent the highly prospective Wildman/Whites formation presents mappable outcrop.

Detailed east-west trending traverse lines totalling 22km, covering an area of 4.5km^2 (Fig. 3) were mapped on the 23rd and 24th of September 2008. Previous government mapping and a reinterpretation of public domain airborne geophysical data suggested this area to be underlain by the Wildman/Whites formation sediments. Bedrock is mostly covered by scree and sediment, with only small patches of outcrop visible in select parts of the area.

Carbonaceous shale of the Wildman/Whites formation were visible in small outcrops towards the western side of the mapping area, extensive quartz veining forming all of the outcrop in the central parts of the mapping area and laterite horizons visible in the eastern parts of the area. No Ironstone outcrop was encountered.

5 Samples representative of the outcrop in the mapping area was submitted for whole rock assay. Sample positions and results are reported in Fig. 3 and Appendix A respectively. No significant mineralisation was present. High levels of FE2O3 in sample BLT005 is probably due to the presence of Goethite in the laterite. Follow up work to commence next year.

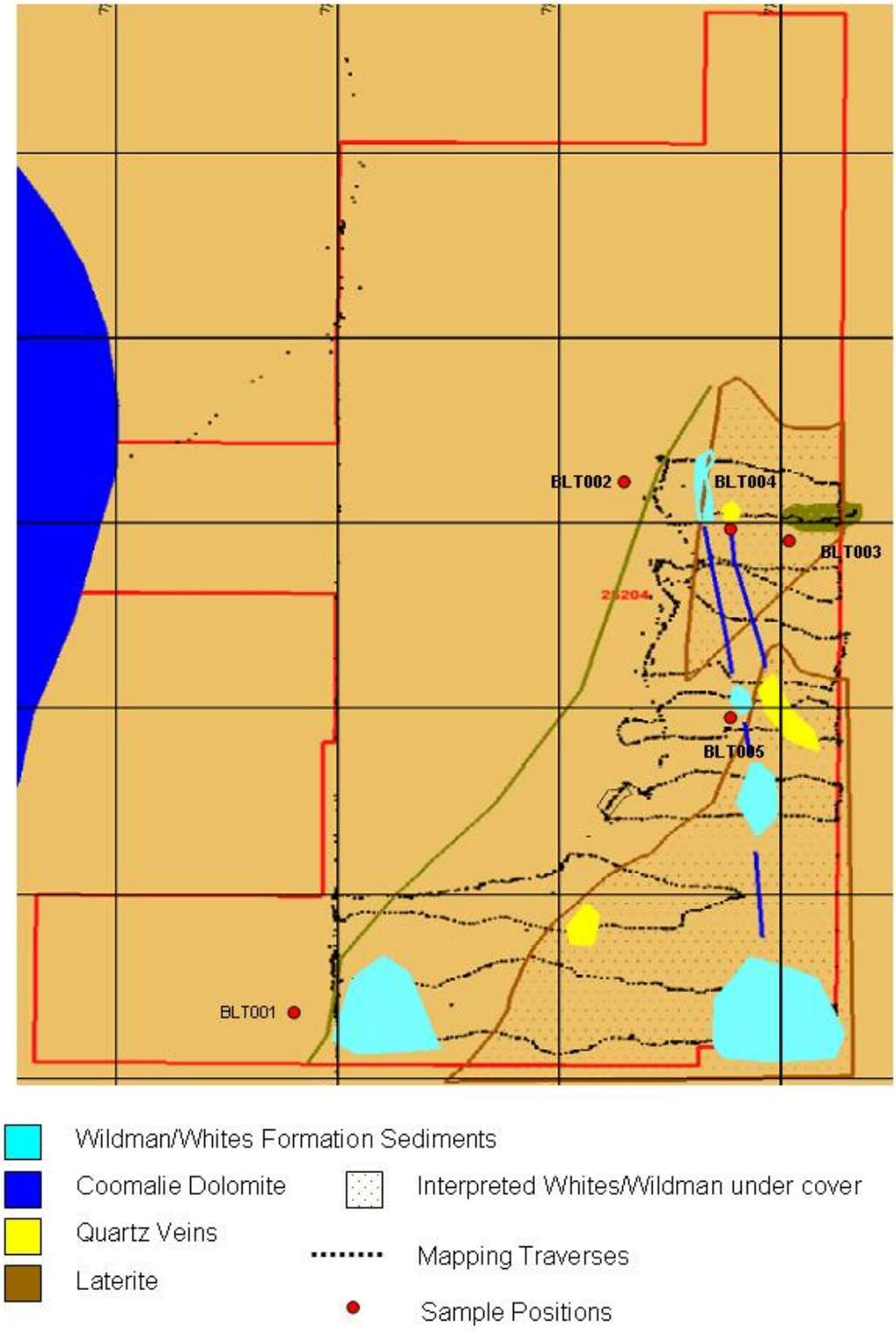

Fig. 3. Field map of mapping, September 2008.

5. Exploration Program – Year 3

During the next reporting period it is planned to commence field work which will comprise a gravity survey over the iron prospective Wildman/Whites formation rock units within the tenement with possible RC drilling on targets generated by the survey. A soil sampling program targeting the 800m contact between the Coomalie dolostones and shales of the Wildman/Whites formation will also be commenced on the western boundary of the tenement. Estimated expenditure for this work is $100,000.

6. Expenditure

Territory Resources' expenditure for the reporting year was $15,570 and is detailed in the NT Exploration Expenditure sheet attached as Appendix B to this report.

Appendix A: Assay Results for Mapping Area

SAMPLE	Al2O3	SiO2	TiO2	Fe2O3	MnO	CaO	K2O	MgO	P2O5	SO3	Na2O	LOI	Total	Cu	Zn	Pb	Ni	Ba	Au	Pd	Pt
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	PPB	PPB	PPB
BLT001	13	27.1	0.79	50.2	0.07	0.13	0.32	0.47	0.22	0.05	0.11	6.91	99.6	X	0.02	0.01	0.01	X	4	2.9	3
BLT002	16.4	33.2	1.14	39.5	0.04	0.16	0.53	0.26	0.13	0.07	0.07	8	99.6	X	X	X	X	X	6	2.9	3.1
BLT003	15	40	1.37	36	0.08	0.05	0.56	0.19	0.1	0.03	0.02	6.87	100.4	X	X	X	X	X	3	1.5	1.6
BLT004	0.69	95.8	0.05	2.68	0.01	0.03	0.02	0.06	0.01	0.01	0.02	0.23	99.6	X	X	X	X	X	1	X	X
BLT005	4.66	17.1	0.15	62.8	2.66	0.1	0.76	0.35	0.72	0.04	0.03	9.24	99.6	0.28	0.11	X	0.09	0.19	4	2.3	1.6

Table 1. Whole rock geochemical results for samples taken during mapping.