DRILL PROPOSAL
FOR
'Hayward Creek'
EL 24967
'Phosphate Exploration'

Hayward Creek Project (EL24967)
Tennant Creek SE 5314  1:250,000
Flynn 5759  1:100,000
5859  1:100,000

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1 INTRODUCTION

1.1 Summary
A program of 80 RAB/AC holes for 4,000m is planned on the Brunchilly Station, to be completed in Late November or Early December. Drilling will test for phosphate bearing stratigraphy across the tenement.

1.2 Uses for Phosphate
Phosphate ($P_2O_5$) is mainly used in the manufacture of fertilizer. Phosphate occurs in limestone rock sequences and was deposited in ancient shallow seas primarily from marine microorganisms.

1.3 Project Name and Location
The EL24967 tenement 'Hayward Creek' is located approximately 80km to the north-east of Tennant Creek, the closest town. Access to the tenement is via the Barkly Highway from Three Ways to a dirt road heading north to Rockhampton Downs or through S Kidmans Banka Banka and Brunchilly operations to the North off the Stuart Highway (Figure 1).

![Figure 1 EL24967 Location, Infrastructure, Cadastre and Claimant Information](image)

1.4 Identified Stakeholders
The underlying cadastre on the part of the tenement affected by the work programme is Perpetual Pastoral Lease 927 Rockhampton Downs Station owned by the AA Co. and PPL927 Brunchilly Station owned by Stanbroke Pastoral Co Pty Ltd (Figure 1).

The part of the tenement affected by the work programme is covered by Native Title Claim NTD6031/01; Tribunal # DC01/31; Brunchilly (Figure 1). Territory Uranium is attending a Native Title Information meeting with the Northern Land Council in early November 2010.
2 PROPOSED DRILLING

This program is designed to drill across the Cambrian basin looking for geochemical indications of phosphate within the stratigraphical cross section and subcrop.

A total of 20-30 RAB holes for 1,000-1,500m (average predicted hole depth of 50m) are planned to be drilled in the first instance along existing roads and tracks at 1-2km spacing (see Figure 2).

If the program is successful Territory Uranium would implement a second phase of drilling in 2011. The second phase would consist of drilling a similar sized program along new tracks. This would involve approximately 50km of single grader blade width tracks being created allowing access to areas where no roads exist (black lines in Figure 2).

<table>
<thead>
<tr>
<th>Hole #</th>
<th>Type</th>
<th>(m)</th>
<th>Drill Spacing</th>
<th>Depth (m)</th>
<th>Dip/Az</th>
<th>Locations</th>
<th>Extra Tracks</th>
<th>Prospect</th>
</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>RAB/AC</td>
<td>4000</td>
<td>1-2km</td>
<td>50</td>
<td>Vertical</td>
<td>Illustrated on Figure 2</td>
<td>Illustrated on Figure 2</td>
<td>Hayward Creek Phosphate</td>
</tr>
</tbody>
</table>

Table 1 Proposed holes

Figure 2 EL24967 Interpreted position of possible phosphate bearing stratigraphy and known outcrop of phosphate stratigraphy with location of proposed drill programme and track clearing work. The track clearing would be part of the second phase of drilling.
2.1 Drilling Requirements

Sampling
- Samples will be placed directly on the ground (no bags). Wet samples will be placed in hand dug holes lined with newspaper.
- Samples will be taken as 4m composites or to geological boundaries.
- Samples will be collected and assayed off site.
- When water is intersected depth will be noted and a sample taken to see if the water is salty or fresh.

Drill Sites
- No flagging is to be used as it is dangerous to livestock
- Holes to be plugged immediately upon leaving a drill hole
- Holes to be drilled immediately adjacent to tracks so as not to disrupt traffic flow or cause erosion of roads.
- Samples are to be placed off the road in hand cleared areas.
- No rubbish is to be left at any drill site for any amount of time.

Rehabilitation
- All sample piles will be raked or ripped.
- Hole collars will be cut off below ground and capped with a concrete plug.
- Tracks will be restored to original condition if damaged.
- All pegs will be removed from site and a final rubbish check will be undertaken.
- Tracks will be ripped unless it is requested by landowners that they be left for their future use.

3 EXPLORATION SCHEDULE
It is expected drilling will commence late November 2010 or early December 2010, depending on drill rig availability and consultation with landowners and native title claimants.

3.1 Workforce

The work force will comprise:
1 - Experienced Project Geologist.
1 - Field Assistants (one Senior and Experienced Field Assistant)
3 - Drilling Crew & Drilling Supervisor part time.
Site Visits by Senior Geologist.

3.2 Campsites & Accommodation

Personnel will be camping in tents or caravans at a location to be discussed with the station owners.