FINAL REDUCTION REPORT

EL 25195

FOR PERIOD ENDING 8th November 2010

‘ELLIOT CREEK’

LITCHFIELD PROJECT NT

CAPE SCOTT SD5207  1:250,000
PINE CREEK SD5208  1:250,000
Anson 4971  1:100,000
Reynolds River 5071  1:100,000
Daly River 5070  1:100,000

Titleholder: Territory Uranium Company Limited
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1. SUMMARY

EL 25195 is situated approximately 150km SSE of Darwin, NT, and 50km west of Adelaide River. Territory Uranium Company Pty Ltd (TUC) is exploring for uranium, and applied for EL25195 to explore for unconformity-hosted U mineralisation. At the end of year 4 the entire tenement was relinquished. This report details exploration carried out by TUC on the tenement for the duration that it was held.

Work during Year 1 of tenure consisted of a review of NTGS data and Industry reports. The COREDAT database showed several drillholes within EL25195 held in the Darwin Library. A total of 19 quarter core samples from 5 drillholes were collected and assayed for a suite of elements including uranium. The samples taken were collected at areas of change of lithology and/or alteration. The best result was 13.8ppm U (with 2ppb Au) taken from Hole 82/42.

Exploration on EL25195 during year 2 and 3 was restricted with efforts focused on EL24984. Historical data compilation continued and a review of uranium targets (EL25176, 25195) and tin targets (EL25297) commenced with helicopter and geochemical reconnaissance undertaken at priority targets in the 2009 field season. Four soil and 1 rock chip sample were taken from the relinquished ground. No significant results were returned.

Territory Uranium intended to complete a radiometric survey over this tenement in year 4 but due to budgeting restraints was unable to complete the survey. The tenement was subsequently relinquished due to Territory Uranium being unlikely to meet expenditure commitments in year 5 and 6.
2. LOCATION AND ACCESS

EL25195 is situated approximately 150km SSE of Darwin, NT, and 50km west of Adelaide River (Figure 1). Access to the south of the Licence is possible from Dorat Rd (old Stuart Highway, out of Adelaide River) then via the Daly River Road, then northwest along a road that links Litchfield Station to Welltree Station. This northwest road transects the eastern portion of the Licence. Station tracks veer off this road to access western portions of the tenement, including the river gauging station near the Daly River mouth. Access is limited outside of the dry season.

The western boundary of EL25195 is defined by the Daly River and this part of the tenement is low-lying, swampy black soil plains. The eastern part of the Licence has undulating topography with 3-4m high vegetation cover.
3. TENEMENT STATUS AND OWNERSHIP

EL 25195 was granted on 9th November 2006. On grant it comprised of 339 graticular blocks (1083 sq km) that are reduced in size to less than the full block along the river boundaries (Figure 1). There are no other mining leases or mineral claims shown within the Licence boundaries.
Underlying cadastre is perpetual pastoral lease; covered by Litchfield Station (owned by Tovehead Pty Ltd) and Welltree Station (owned by Peter Camm).

EL25195 was granted combined technical reporting (CR111) with EL24984, EL25176 and EL25297.

Second year reduction was undertaken with 169 blocks retained, 170 blocks dropped. After third year reduction only 59 blocks were retained and at the end of year 4 the tenement was relinquished. This report details exploration carried out by TUC on the tenement for the duration that it was held.

4. GEOLOGY

EL 25195 is situated within on the western side of the Pine Creek Orogen, in the area known as Litchfield Province. The regional geology is outlined in several texts, most notably including Ahmad et al., 1993; Ahmad, 1998; Berkman, 1980; Mendum 1972, Fahey et al., 1986, Pietsch 1989 and Carson et. Al., 2006. The Giants Reef Fault transects the SE corner of EL 25195, which is interpreted as the boundary between the 'central' Pine Creek Orogen to the east and the Litchfield Province to the west (Berkman 1980). Figure 2 shows the regional geology from the 1:500,000 AGSO Pine Creek geological interpretation map.

The Litchfield Province was defined as the western part of the Pine Creek Geosyncline, with large parts of the Litchfield Province interpreted as 'granitoid, garnetiferous, gneissic, with metasediments varying in metamorphic grade from greenschist to upper amphibolite / granulite grade (Berkman 1980). The lack of outcrop in much of the area has limited exploration on the western portions. Recent work by the NTGS has reviewed the Litchfield Province, with geochronology tentatively correlating the Litchfield Province with the Halls Creek Orogen to the southwest, but notes that the field evidence indicates a complex tectonic relationship (Carson et al., 2006; Glass, 2007). It is possible that the Murrenja Dolerite that crops out along the Tom Turners Fault further north may occur under cover within EL 25195. There is a 1:500,000 regional interpretation map (draft form only) that is used as the background in Figure 3 that incorporates some of the recent NTGS Litchfield work.
Figure 2 Geology Map for the Litchfield Project, 1:250K NTGS.
5. PREVIOUS EXPLORATION

A literature review and data compilation formed part of the work done on EL25195. Summarised below (details in Appendix A).

Tipperary Land Corporation was prospecting AP 1773 for ‘bauxite, phosphate and other minerals’ but received ‘no encouraging results’. Drilling of stratigraphic hole GC1 approximately 4 miles west of the Litchfield Homestead penetrated ‘mainly clay to 60ft at which stage the rig started to sink in the swampy ground and work was discontinued.’

Dampier Mining Co (BHP Ltd) explored EL 71 for massive sulphide mineralisation. EL 71 covered the north and west of EL 25195, and most of EL 71 is outside of Territory Uranium’s Licence. Dampier Mining targeted 5 aeromagnetic anomalies identified from the 1956 BMR aeromagnetic survey – all of which are outside EL 25195. A combined aerial spectrometer/magnetometer survey was flown on 400m EW lines, and 19 uranium channel anomalies were identified and tested (Figure 3). Of these, anomalies 21 and 22 were within EL 25195, with Anomaly 35 on the northern boundary of the Licence. Auger soil sampling over these anomalies gave a max value of 5ppm U and 50ppm Pb (assay method and detection limit not clear). No other elements appear to have been assayed. No drilling was carried out on these anomalies as the anomalies were attributed to Cambrian enrichment.

Suttons Motors in JV with Mobil Australia Ltd explored EL 1356 for uranium from 1979. An airborne radiometric survey identified several U anomalies within EL 25195. The airborne survey was at 800m spacings with terrain clearance of 90m, and no altitude corrections have been made. Comments were made on the anomalies during ground follow-up, such as:

a) granite outcrop effect – small granite outcrops projecting through radiometrically opaque cover
b) ‘warm’ spots within larger granite masses; usually more biotitic granite phases adjacent to the porphyritic granite type
c) Clay pan and flood plain anomalies from daughter uranium products absorbed in clays
d) Residual and transported laterite with uranium daughter products co-precipitated with the Fe in laterite
e) Lower Proterozoic sediments that have a higher radioactive background than other lithologies
f) Anomalies associated with groundwater springs
Only one anomaly (Noltenius prospect; outside of EL 25195) was selected for follow-up work, and no other work was carried out on the remainder of the Licence.

Stockdale Prospecting carried out exploration for diamonds on several contiguous EL’s (including EL’s 6652 which covered much of EL25195). A programme of reconnaissance stream sediment sampling was also carried out, with low to moderate Pb (17-33ppm) and Ba (543-678ppm) associated with the Litchfield Granite at Elliot Creek. Ten rock chip samples from float or outcrop were taken as follow-up. No visible mineralisation was observed. Previous work by BHP noted that the overlying Tindall Limestone contained elevated Pb and Zn values, so this area was downgraded.
6. PREVIOUS EXPLORATION BY TUC

Work done during Year 1 of tenure consisted of historic data compilation; assaying of drillcore from a COREDAT hole; assessment of available geophysics data and planning of an airborne geophysical survey.

The results of previous work are outlined in the previous section (‘Previous Work’). Work done included checking:

a) checking NTGS datasets, such as COREDAT, MODAT, Explorer 3
b) checking of some open file company reports submitted for previous tenure covering EL 25195 (in progress)
c) checking relevant maps and plans in MapInfo to obtain locations of samples and mapped geology within EL 25195.

From this work;

a) there are no MODAT occurrences within the tenement
b) there are 7 COREDAT holes, samples were assayed from 5 of these holes (results in Appendix A)
c) no rock chip samples, soil samples, stream sediment samples or drilling reported in Explorer 3 or COREDAT within the tenement boundary
d) there are 126 samples (but no positive results) in the DIM Database
e) the regional airborne geophysics that covers the Licence is the Litchfield North survey, which is on 500m NS line spacings, so is of low resolution. The earlier company survey by Suttons Motors is not available digitally

The data compilation work shows that uranium exploration has mainly concentrated on radiometric surveys within EL 25195. There are several radiometric anomalies identified from the radiometric survey by Suttons. As much of the ground is covered by transported regolith most of these radiometric anomalies are probably surface features and do not indicate uranium occurrences. Of most interest are the radiometric anomalies in the SE corner of EL25195 which is mapped as Proterozoic Burrell Creek Formation sediments.

The data compilation highlighted COREDAT holes within the Licence that had not been sampled for uranium and could be sampled. Figure 3 shows the location of the sampled COREDAT holes (Appendix B). The holes were examined by a consultant geologist and samples were collected on lithological contacts and/or alteration zones that may be prospective for uranium mineralisation. **Nineteen quarter core samples** were collected from **5 drillholes** and submitted to NTEL Laboratories in Berrimah, Darwin for multi-element analysis using a Total acid digest. Results are in
Appendix A. In summary the samples were assayed for the following elements (detection limits in brackets):

Ag (0.05ppm), Au (1ppb), Pd (1ppb), Pt (1ppb), Co (0.05ppm), Cr (5ppm), Fe2O3 (50ppm), Ni (0.2ppm), Pb (0.2ppm), S (20ppm), Ti (10ppm), U (0.01ppm), and Zn (0.5ppm).

The best result came from NTGS hole 82/42 within EL25195, which intersected 3m @ 10ppm U (11.8ppm U3O8) from 232.2m, with a maximum value of 16.3ppm U3O8. This value is weakly anomalous, which indicates either an environment where U enrichment may be found, or high background U. The intercept was on a lithological contact within Cambrian sediments.

Exploration for CR111 during year 2 primarily focused on EL24984. Exploration aimed to demonstrate the Litchfield Province has the potential to host Sally Malay style intrusions within the Hayes Creek Orogen.

Exploration on EL25195 during the period was restricted with efforts focused on EL24984. Historical data compilation continued and a review of uranium targets (EL25176, 25195) and tin targets (EL25297) commenced with helicopter and geochemical reconnaissance planned at priority targets in the 2009 field season. None of the priority targets are within the relinquished ground.
Figure 3   Drill holes identified in data compilation
7. EXPLORATION BY TUC DURING YEAR 3

During Year 3, reconnaissance, ground geophysical and geochemical sampling of radiometric anomalies (uranium focused) was undertaken at eight sites across EL24984, EL25195 and EL25176. A total of 6 soil samples, 4 rock chip samples and 16 spectrometer assays were taken across all tenements. 4 of the soil samples and 1 of the rock chip samples were taken from within the relinquished ground (Figure 4) on EL25195 (Results in Appendix C).
8. EXPLORATION BY TUC DURING YEAR 4

Territory Uranium intended to complete a radiometric survey over this tenement in year 4 but due to budgeting restraints was unable to complete the survey. The tenement was subsequently relinquished due to Territory Uranium being unlikely to meet expenditure commitments in year 5 and 6.
9. REFERENCES


Glass, L., 2007. Geochemistry of mafic rocks in the Litchfield Province, western Pine Creek Orogen: Evidence for a Paleoproterozoic arc-related setting and links to the Halls Creek Orogen.


APPENDIX A, MapInfo georeferenced data from previous work yr1:

Files:

- CR19750035_EL71_DATA.DAT
- CR19750035_EL71_DATA.ID
- CR19750035_EL71_DATA.MAP
- CR19750035_EL71_DATA.TAB
- CR19750035_EL71_MayhewDrillholeMap.TAB
- CR19750035_EL71_MayhewDrillholeMap.tif
- CR19790163_EL1356_Anomalies.DAT
- CR19790163_EL1356_Anomalies.ID
- CR19790163_EL1356_Anomalies.MAP
- CR19790163_EL1356_Anomalies.TAB
- CR19790163_EL1356_RadiometAnomMap.TAB
- CR19790163_EL1356_RadiometAnomMap.tif
- CR19930498_1992_Sampling.TAB
- CR19930498_1992_Sampling.tif
- CR19930498_ElliottCk_SampleLoc.TAB
- CR19930498_ElliottCk_SampleLoc.tif
- EL25195_CRI9810309_anticlinal_core_structure_for_investigation.DAT
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- EL25195_CRI9810309_anticlinal_core_structure_for_investigation.MAP
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APPENDIX B, Results from Core Sampling in year 1:

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APPENDIX C, Sampling Data Yr3:

Files:

- EL25195_SoilsandRocks_RelinquishmentYr1.txt