YEAR 4 RELINQUISHMENT REPORT

EL 25224

FOR PERIOD ENDING 6th DECEMBER 2010

'BURRELL CREEK'

RUM JUNGLE / PINE CREEK PROJECT NT

Pine Creek SD5208	**1:250,000**
Batchelor 5171	**1:100,000**

Titleholder: Territory Uranium Company Limited

Report No. 2011-010
Territory Uranium Company Ltd
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1. SUMMARY

EL 25224 is east of the Adelaide River townsite within the Pine Creek Orogen. Territory Uranium Company Ltd (TUC) applied for EL25224 primarily to explore for vein-hosted U mineralisation and secondly to evaluate the potential for other types of economic mineralisation. Third year reduction was completed with 29 blocks dropped and 30 blocks retained and fourth year with 15 blocks retained. This report details the work done on the relinquished blocks for year 4 of EL25224.

Work during Year 1 of tenure consisted of a review of NTGS data and Open File Company reports (geological and geophysical). In year 2 a number of field reconnaissance trips were undertaken and numerous targets were visited with geochemical samples and/or scintillometer readings collected, but none of the work done was on the relinquished ground. In Year 3, a radiometric flight was performed over several of TUC's tenements, including EL25224, followed by an additional sampling program to evaluate some of the targets highlighted by the radiometric data obtained. However, no samples were taken on the relinquished ground. No work was completed on the relinquished ground in year 4.

2. LOCATION AND ACCESS

EL25224 is situated adjacent to the Adelaide River township, NT, and 100km SSE of Darwin (Figure 1). The Stuart Highway crosses the northern portion of the Licence before Mt Tymn and the Stuart Highway marks the tenement boundary just before Mt Darwent. The old Stuart Highway (Dorat Rd) marks part of the western boundary of EL25224. The tenement has an elongate shape running roughly N-S, with the southern boundary being approximately 32km south of Adelaide River township. Access to EL25224 is via the Stuart Highway, Dorat Road and in the north along the Ringwood road, plus some minor tracks. Access to the Licence boundaries is year-round, but away from the sealed roads access is limited to the dry season.

Topography for most of the tenement is characterised by elongate ridges rising out of the black soil plains. The southern part of the tenement is very hilly, with a plateau in the SE corner, making access difficult. The Burrell Creek runs roughly N-S through most of EL25224, while the Adelaide River cuts through the northern portion of the tenement. The Adelaide River itself is excised from the tenement.

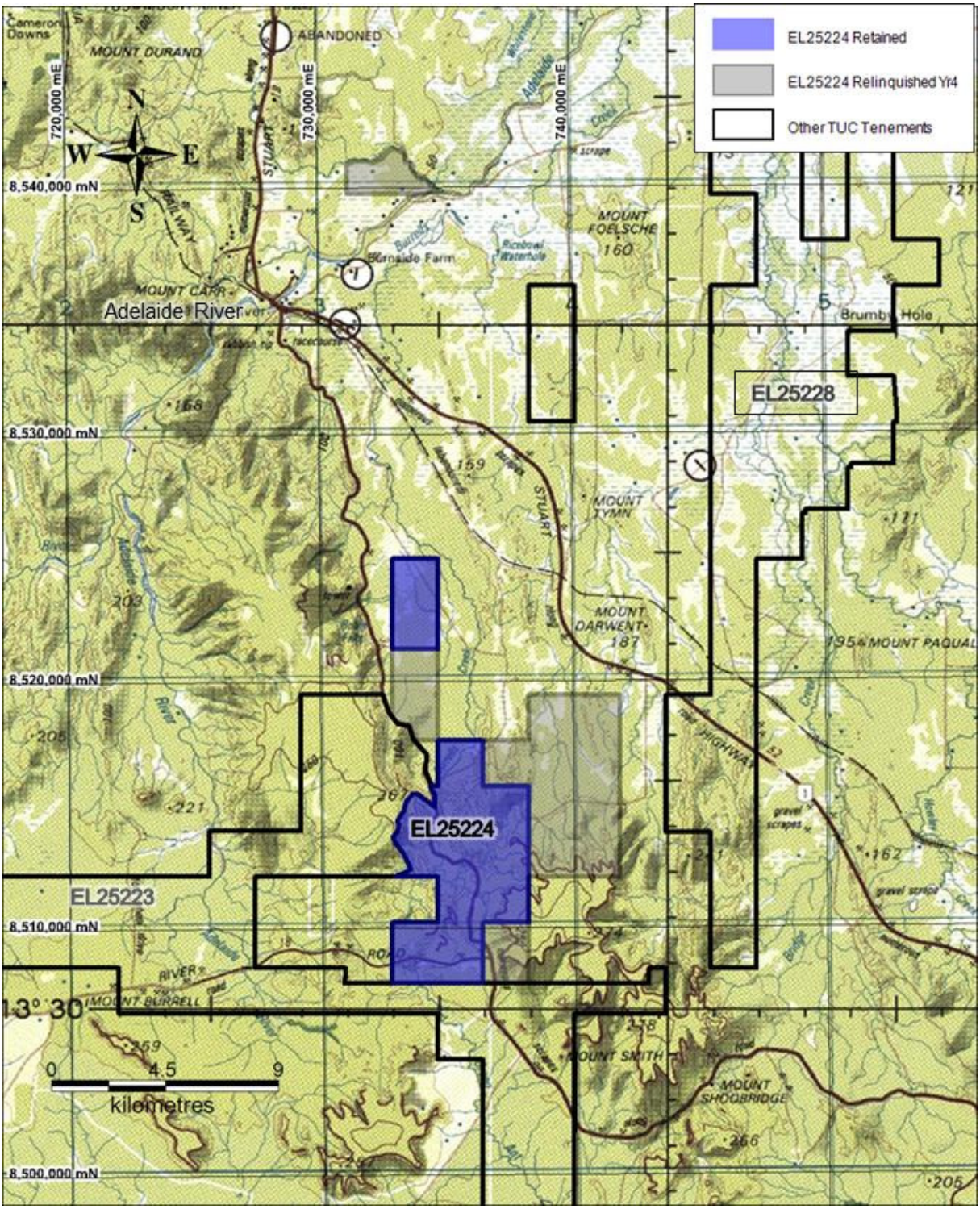

Figure 1 EL25224 location map

3. TENEMENT STATUS AND OWNERSHIP

EL25224 was granted on 7th December 2006 and expires on 6th December 2012. It comprised 90 graticular blocks (219.3 sq km) that were reduced in size to less than the full block along the Adelaide River, Stapleton Creek, around the Adelaide River townsite and along the old Stuart Highway and Railway. There are no other mineral claims or exploration licences within EL25224, however Reservation from Occupation (RO) 24350 covers radio telecommunication repeater sites plus the railway line. There is also a corridor for the Stuart Highway crossing the Licence. These are excised from the area of EL25224.

Underlying cadastre is mainly Freehold; with 89 freehold landholders within EL 25224. Landholder names and LAIS Key are listed in Appendix 1 (Previous Tenure on EL 25224.xls; Landholder tab). There is also one portion of Crown Land and one portion of Crown Lease Term (which is in the name of AustralAsia Railway Corporation).

In October 2008 EL25222, EL25223, EL25224 and EL25229 were granted combined technical reporting status (CR109). Second Year reduction was undertaken with 59 blocks retained, 31 blocks dropped. Third Year relinquishment reduced the tenement to 30 blocks and year 4 reduced to 15 blocks (Figure 1). This report details exploration carried out by TUC on the relinquished ground for the duration that it was held.

4. GEOLOGY

EL25224 is situated within the Pine Creek Geosyncline, a tightly folded sequence of Lower Proterozoic rocks. A full description of the geology and stratigraphy of the Pine Creek Geosyncline can be found in several texts, including Ahmad et al., (1993; Ahmad, 1998). The 1:100,000 Batchelor – Hayes Creek Region Geological Special map covers the tenement area (Crick, 1980).

The tenement area covers the Finniss River Group (Burrell Creek Formation) which is dominantly feldspathic greywacke with interbedded siltstones. Regional maps show some NNW-trending (north plunging) symmetrical folds throughout the tenement. Quartz veins parallel to these folds and within fold noses are common. Sandstones and conglomerates of the Cretaceous Petrel Formation unconformably

overlie the Proterozoic Burrell Creek Formation the southern part of the License, forming mesas.

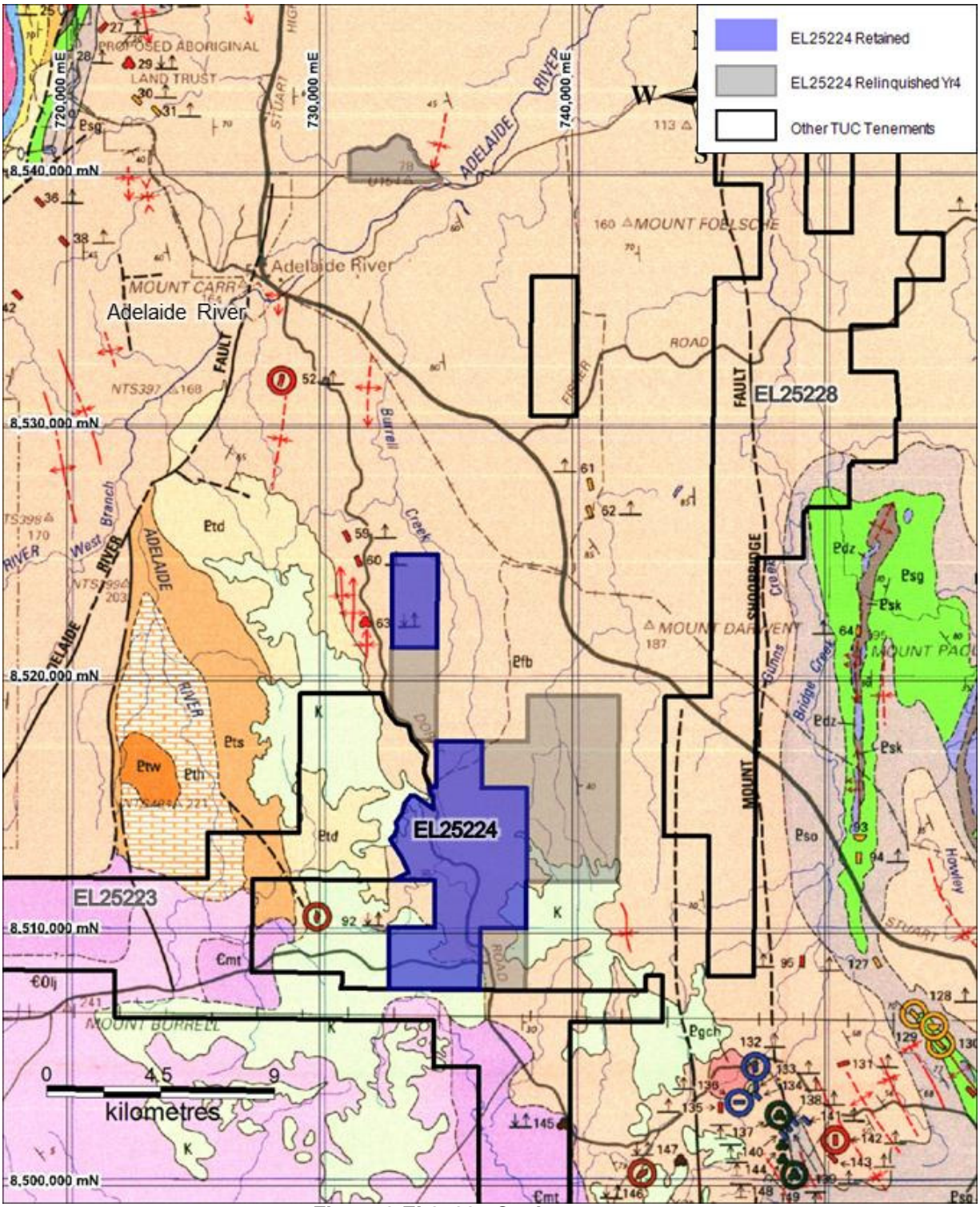

Figure 2 EL25224 Geology

5. PREVIOUS EXPLORATION

Part of the work done on EL25224 during Year 1 was a literature review and data compilation. Appendix 1 contains the list of previous tenure and some of the work done is summarised below.

Central Pacific Minerals explored a large part of the Pine Creek Geosyncline (including the central portion of EL 25224) under **AP1959** between 1968 and 1972. From 1970, the work focused on identified prospects and explored for U and base metals. None of the prospects in the report are within EL25224. Central Pacific continued to explore an area north of the Burnside granite (covering the 5 SE blocks of EL25224) under **EL 616** for U and base metals. None of their work can be reliably located within the tenement boundaries, but it also seems that the work is in other areas.

CRA Exploration explored a lot of the area around Batchelor – Adelaide River, firstly on **AP 2483** then under different exploration licences. The work carried out on AP 2483 (which included stream sediment sampling and an airborne scintillometer survey) did not extend into EL 25224.

Pan D'or Mining NL held **EL 1656** from 1981. The H20 - H26 gold prospects were located during helicopter reconnaissance sampling. These prospects are not within EL 25224. There were 7 rock chip samples collected on EL 25224, with all results below the level of detection for Au and As. The best value was 7ppm Pb in sample H65. The rest of the exploration on EL 1656 concentrated on the prospects.

The Ringwood JV continued work over EL 25228 under the new tenure of **EL 5321**. There does not appear to be any work within EL 25224. Much of WMC's focus switched to Goodall by around 1990.

EL 5105 was explored for gold mineralisation by the Woodcutters JV in 1987, but only covered a small part block on the NE boundary of EL 25224.

EL 5316 (one block on NW part of EL 24224) was held for a year in a JV between Oceania Exploration and Mining, and Golden Plateau NL. 1:25,000 geological mapping seemed based on air photo interpretation, and showed the western fold limb of H22 prospect anticline (outside of EL 25224). Magnetic contours at 1:25,000 were not interpreted, and came from a regional aeromagnetic survey carried out by Golden

Plateau. Rock chip sampling was carried out on the northern side of Stapleton Creek (ie; outside the Licence area).

EL 7163 was held for a year by N. Manhire and D. Langley, who were looking for 'small rich shoots' of mineralisation. Reconnaissance and panning of samples, plus assaying of concentrates was carried out, but all north of EL 25224.

6. EXPLORATION DURING YEAR 1

Work done during Year 1 of tenure consisted of a historic data compilation. Also the available geophysics (from both regional NTGS airborne surveys) and Open File Company Surveys were reviewed by a Consultant Geophysicist.

From this work;

a) a list of previous tenure and Industry reports are in Appendix 1.
b) there are no MODAT occurrences within the tenement
c) there are no stream sediment samples from Explorer 3 within the Licence
d) there are no soil samples from Explorer 3 within the Licence
e) there are no rock chip samples from Explorer 3 within the Licence
f) there are no rock chip samples from Explorer 3 within the Licence
g) there are no COREDAT holes within EL25224
h) there are no samples within EL25224 recorded in the DIM Database
i) there are 3 registered sacred sites (the Adelaide River registered site has extent along the river) and one recorded site. All are in the north part of EL25224.

The data compilation work shows that uranium exploration has been limited within EL25224, with some uranium exploration occurring to the northwest, southeast and west of the Licence. Most of the work has concentrated on exploration for gold. Some areas still remain prospective for gold mineralisation and data compilation will continue in EL25224 to outline gold anomalies as well as uranium anomalies. Areas explored for gold may be prospective for vein-style U mineralisation, which is characterised by gossanous outcrops mapped as tension gashes/faults within anticlinal crests (Rade 1956). This is the style of mineralisation found at George Creek and Adelaide River just west and outside of the Licence.

Territory Uranium commissioned an Independent Geologist to review all of its tenements prior to listing on the ASX. As part of that review, the Independent Geologist identified 'several second-order' radiometric anomalies within EL25224 -

none of these fell within the relinquished ground. Geophysics consultant Frank Lindeman reprocessed uranium and uranium thorium images to assist with target identification and ranking.

7. EXPLORATION DURING YEAR 2

A number of field reconnaissance trips were undertaken on this tenement primarily targeting uranium anomalies from historical radiometric surveys (access restricted due to numerous small freehold blocks). Numerous sites were visited with geochemical samples and/or scintillometer readings collected, but none were on the relinquished ground.

8. EXPLORATION DURING YEAR 3

During Year 3, a radiometric survey was undertaken over several of TUC's tenements, including EL25224, by Fugro Airborne Surveys and the data was reviewed by Lindeman Geophysics. Images for Uranium, Thorium, Uranium/Thorium and Total Count were produced (Figures 3 to 6 respectively). Digital data of the images relevant to the relinquished ground are provided as MapInfo tables in Appendix 2, and the details/specifications of the survey. The final report and data acquired from the airborne survey were submitted in whole as part of the annual report for CR109 Daly River Project Area (a waiver to cookie cut geophysical data has been submitted). Subsequent to the radiometric survey, a geochemical sampling program ensued, with the intent to further explore some of the anomalies highlighted by the radiometric work. No samples were collected over the relinquished ground.

9. EXPLORATION DURING YEAR 4

No exploration was completed on the relinquished ground in year 4.

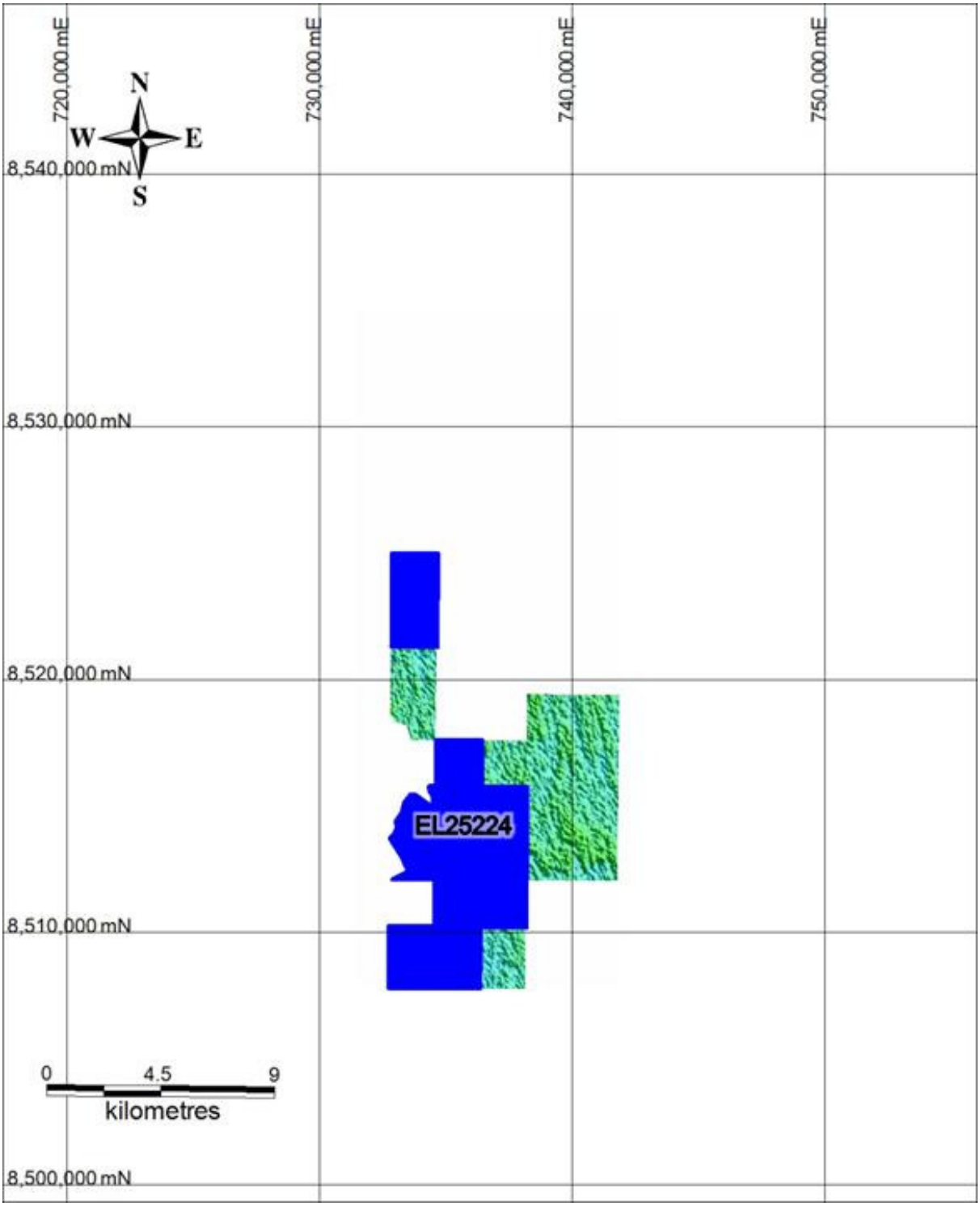

Figure 3 Uranium Image

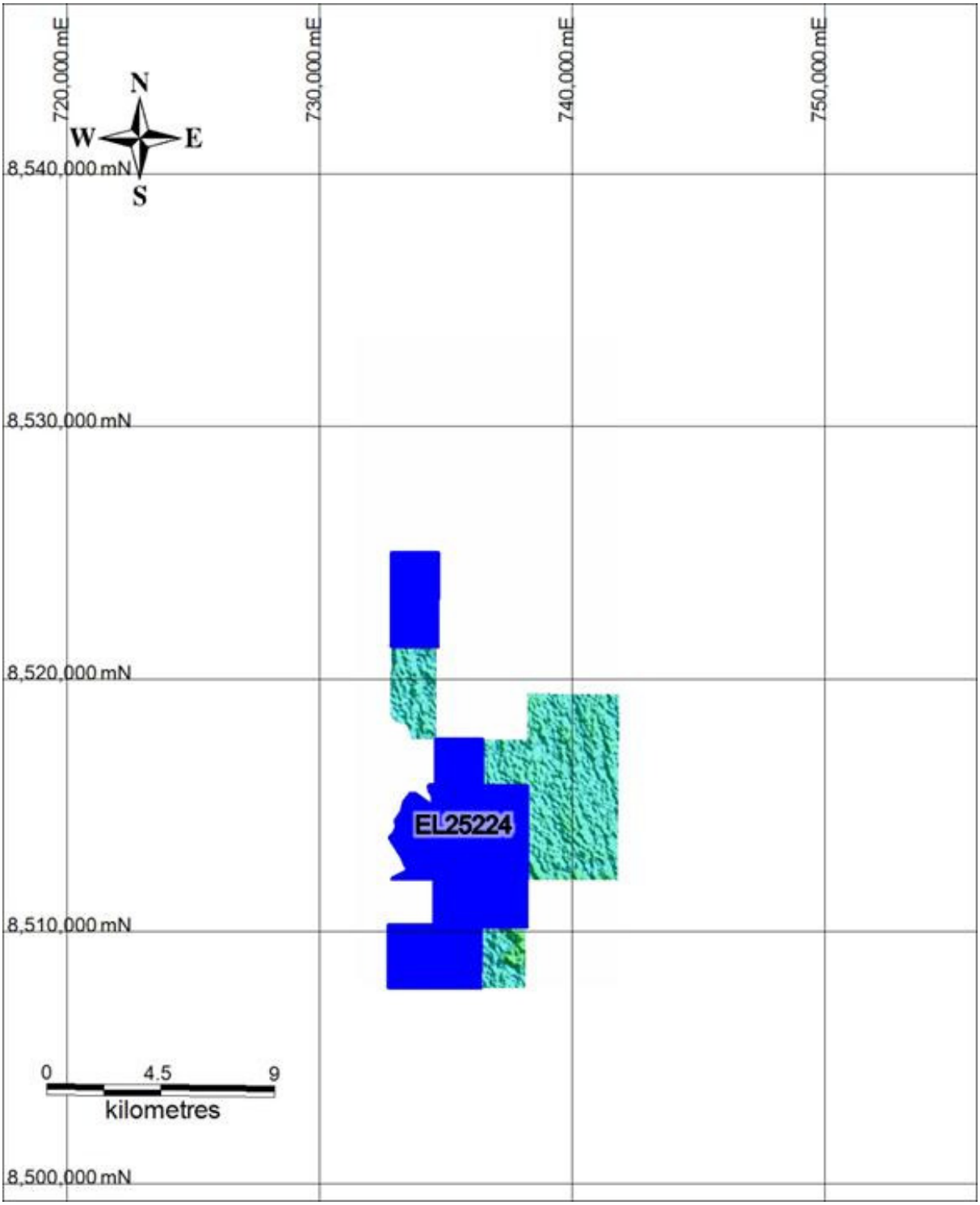

Figure 4 Thorium Image

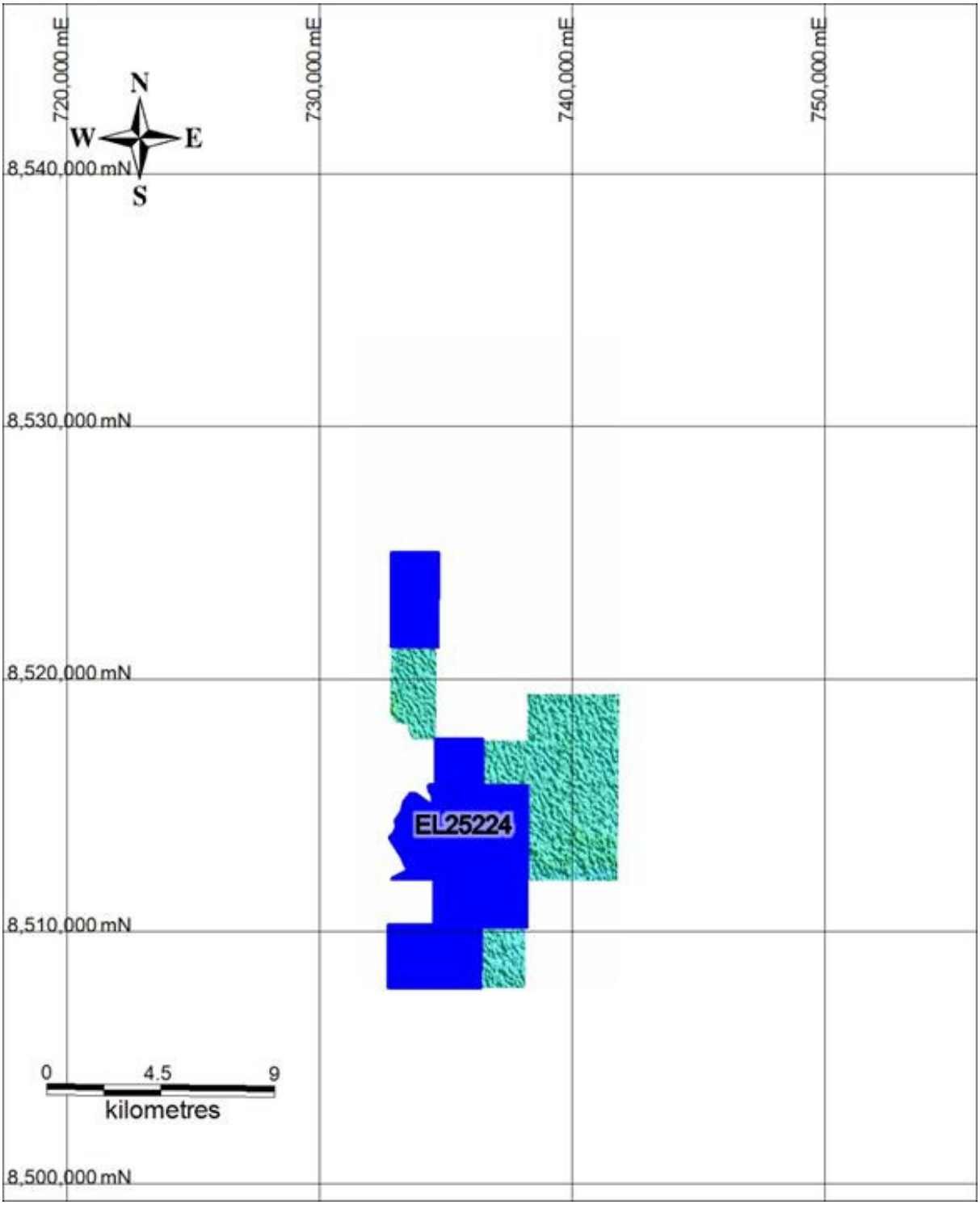

Figure 5 Uranium/Thorium Image

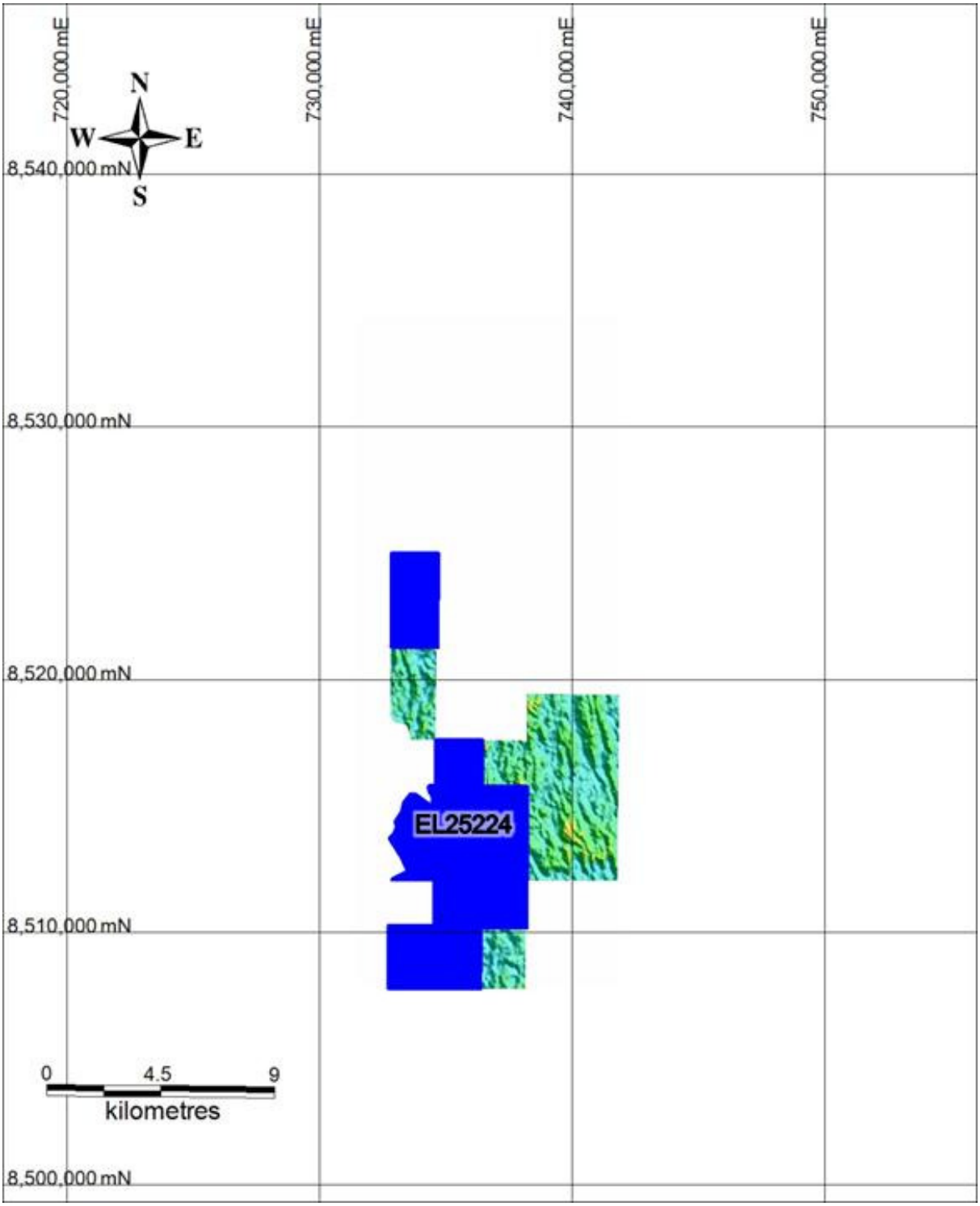

Figure 6 Total Count Image

10. REFERENCES

Ahmad, M., 1998. Geology and mineral deposits of the Pine Creek Inlier and McArthur Basin, Northern Territory. *AGSO Journal of Australian Geology and Geophysics, 17(3), pp1-17*.

Ahmad, M., Wygralak, A.S., Ferenczi, P.A., and Bajwah, Z.U. 1993. Explanatory Notes and Mineral Deposit Data Sheets. *1:250,000 Metallogenic Map Series, Department of Mines and Energy, Northern Territory Geological Survey*

Crick, I., 1980. Geology of the Batchelor-Hayes Creek Region. *BMR 1:100,000 Geological Special*.

Rade, J., 1956. Shearing along anticlines as an important structural feature in uranium mineralisation in the northern part of the Northern Territory of Australia. *Journal of Economic Geology*.

Appendix 1 (attached)
Historical Data Review

Appendix 2 (attached)
Radiometric Images