ANNUAL EXPLORATION REPORT
EL 25195

FOR PERIOD ENDING 8\textsuperscript{th} November 2007

‘ELLIOOT 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 is exploring for uranium, and applied for EL25195 to explore for unconformity-hosted U mineralisation. Work during Year 1 of tenure consisted of a review of both NTGS data, and compilation of significant results from Industry reports. At the time of reporting this work was still in progress. As part of this work, 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.

A planned geophysical survey encompassing part of EL25195 plus other TUC tenements did not proceed. The geophysical contractor was carrying out a survey on neighbouring tenements but the work was not carried out until late November, so TUC will be seeking to conduct an airborne geophysical survey during the dry season of Year 2.

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.
Figure 1
EL 25195 “Elliot Creek” Tenement Location Map

Inset Map showing EL 25195 within NT
3. TENEMENT STATUS AND OWNERSHIP

EL 25195 was granted on 9th November 2006 and expires on 8th November 2012. It comprises 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).

The expenditure covenant set for the first year was $128,100.

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
EL 25195
"Elliot Creek"
Tenement Geology Interp from 1:500,000 Pine Ck (Wyborn)

Inset Map showing EL 25195 within NT

Territory Uranium Company Ltd
5. PREVIOUS EXPLORATION

A literature review and data compilation formed part of the work done on EL25195 for this year. This work was still in progress at the end of Year 1. Results available at the end of Year 1 are summarised below.

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 targetted 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 (Figure 3) 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.

Further data compilation was in progress at the end of Year 1 and the results will be reported during Year 2.
6. EXPLORATION DURING YEAR 1

Work done during Year 1 of tenure consisted of a 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) georeferencing relevant maps and plans into MapInfo to obtain locations of samples and mapped geology within EL 25195 (Appendix 1).

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 2)
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 (Fig 3). There are several radiometric anomalies identified from the radiometric survey by Suttons Motors and these will be ranked during Year 2. 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. Ground reconnaissance will be carried out during Year 2 and was part of the area planned for an airborne geophysical survey during Year 1 that will be carried out during the dry season of Year 2 (2008).

The planned exploration programme recognises that the most suitable exploration techniques for this Licence are airborne geophysics and drilling. The data compilation highlighted COREDAT holes within the Licence that had not been sampled for uranium and could be sampled. Figure 4 shows the location of the
sampled COREDAT holes. 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 2. 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.

An examination of the regional radiometrics by Lindeman Geophysics did not highlight any radiometric anomalies. This could be due in part to the 500m-spaced lines. For this reason, Territory Uranium planned to carry out an airborne geophysics survey over the south-eastern portion of EL 25195. This survey was scheduled for early October but did not happen, as the contractor (GPX Surveys) pushed the scheduled survey time out until the wet season, which affects the quality of the data. This survey is being planned for May 2008.
7. PLANNED EXPLORATION FOR YEAR 2

Planned work includes;

1. Field reconnaissance/ground scintillometry to check on previously identified radiometric anomalies
2. Create ‘bottom of hole’ geology maps from previous work to determine geology under areas of cover
3. Carry out the planned airborne survey in the SE portion of EL25195
4. Examine the prospectivity of the area west of the Tom Turners Fault for ultramafic-hosted Ni mineralisation (as in Territory Uranium's tenement to the north)
5. Drilling (if earlier reconnaissance results are positive and dependent upon rig availability)
6. Acquisition of Ikonos data to assist in fieldwork

Expenditure is dependent upon the success of the early reconnaissance work, which will definitely go ahead in Year 2. Planned expenditure for Year 2 should meet the Year 1 covenant of $128,100.
8. 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.


9. EXPENDITURE

Expenditure on EL 25195 (as supplied by Territory Uranium) consisted of:

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<th>Description</th>
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<td>Maps &amp; Publications</td>
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The report writing was invoiced outside the anniversary period, and will be shown on next year's expenditure.