

YEAR 3 ANNUAL AND FINAL REPORT

EL 28506

'Oolloo Road'

TIPPERARY PROJECT

FOR PERIOD ENDING 28th JULY 2014

**PINE CREEK SD5208
FERGUSON RIVER SD5212**

Titleholder: Territory Minerals

Commodities: Rare Earth Elements , U, Cu, Pb, Zn

Prepared for Territory Minerals

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September 2014

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1. SUMMARY

EL28506 is 130km south of Darwin, and approximately 180km south of Darwin by road. Access from Darwin is via the Stuart Highway onto Dorat Road (from Adelaide River) then west onto the Daly River Road. EL28506 was granted for a period of six (6) years in 2011 to expire on 26th July 2017. At the end of year 2 a total of 10 blocks were relinquished as part of compulsory tenement reductions. The tenement was surrendered in year 3.

EL28506 is situated near the western margin of the Pine Creek Orogen. Middle Proterozoic sediments of the Tolmer Group are mapped as overlying the tenement. Further east, limestones and quartzarenites of the Cambro-Ordovician Daly River Group (comprising Tindall Limestone and Jinduckin Formation) form the Daly Basin.

Records of exploration date back to 1967 and AP licence #1682. Exploration phases have included searches for limestone, phosphate, base metals, gold, diamonds and uranium. Most of these programs have had limited success. Companies include IMC Development Corporation, Tipperary Land Corporation, Suttons Motors, Peko Wallsend, BHP, Carpentaria Exploration, Total Mining Australia, PNC Exploration, Newmont and Normandy.

Previous holders TUC Resources undertook exploration for unconformity related uranium mineralisation in the area. They targeted uranium associated with the mid Proterozoic unconformity between the Tolmer sediments and the Finniss River Group (Burrell Creek Formation). TUC completed a radiometric survey over the portion that is now EL28506.

Exploration targets include: stratabound Mississippi style base metal deposits, Unconformity related uranium mineralisation, carbonaceous shale units prospective for uranium, base-metal and REE mineralisation, REE mineralisation in similar settings to the nearby TUC Resources Stromberg and Scarramanga Prospects.

Exploration on this tenement was postponed whilst the company re-organised its exploration strategy and land holdings with a view to be listed on the ASX. No exploration was completed in year 3 and the tenement was surrendered.

2. LOCATION AND ACCESS

EL28506 is 130km south of Darwin, and approximately 180km south of Darwin by road. Access from Darwin is via the Stuart Highway onto Dorat Road (from Adelaide River) then west onto the Daly River Road. Tipperary Station is situated to the north of the tenement. Tracks extend west and south of Tipperary Station, with the southern track accessing the Daly River at Beebom Crossing. Access is only possible in the dry season because the crossings at Beeboom Crossing and Oolloo Crossing and smaller tracks to the west are impassable after rains.

3. TENEMENT STATUS AND OWNERSHIP

EL28506 was granted for a period of six (6) years in 2011 to expire on 26th July 2017. The original tenement size was 374km² (114 blocks). There are no other mining leases or mineral claims shown within the Licence boundaries.

Underlying cadastre is parcel 03435 of Fish River Station (Figure 1), perpetual pastoral lease summarised in the table below.

NT Portion/Section Number	Names of Owners/Occupiers	Address
000 03435	Indigenous Land Corporation	GPO Box 652, Adelaide SA 5001
000 02682	Tovehead Pty. Limited & Branir Pty Ltd	PMB 39, Winnellie NT 0822

At the end of year 2 a total of 10 blocks were relinquished as part of compulsory tenement reductions. In year 3 the tenement was surrendered on 28 July.

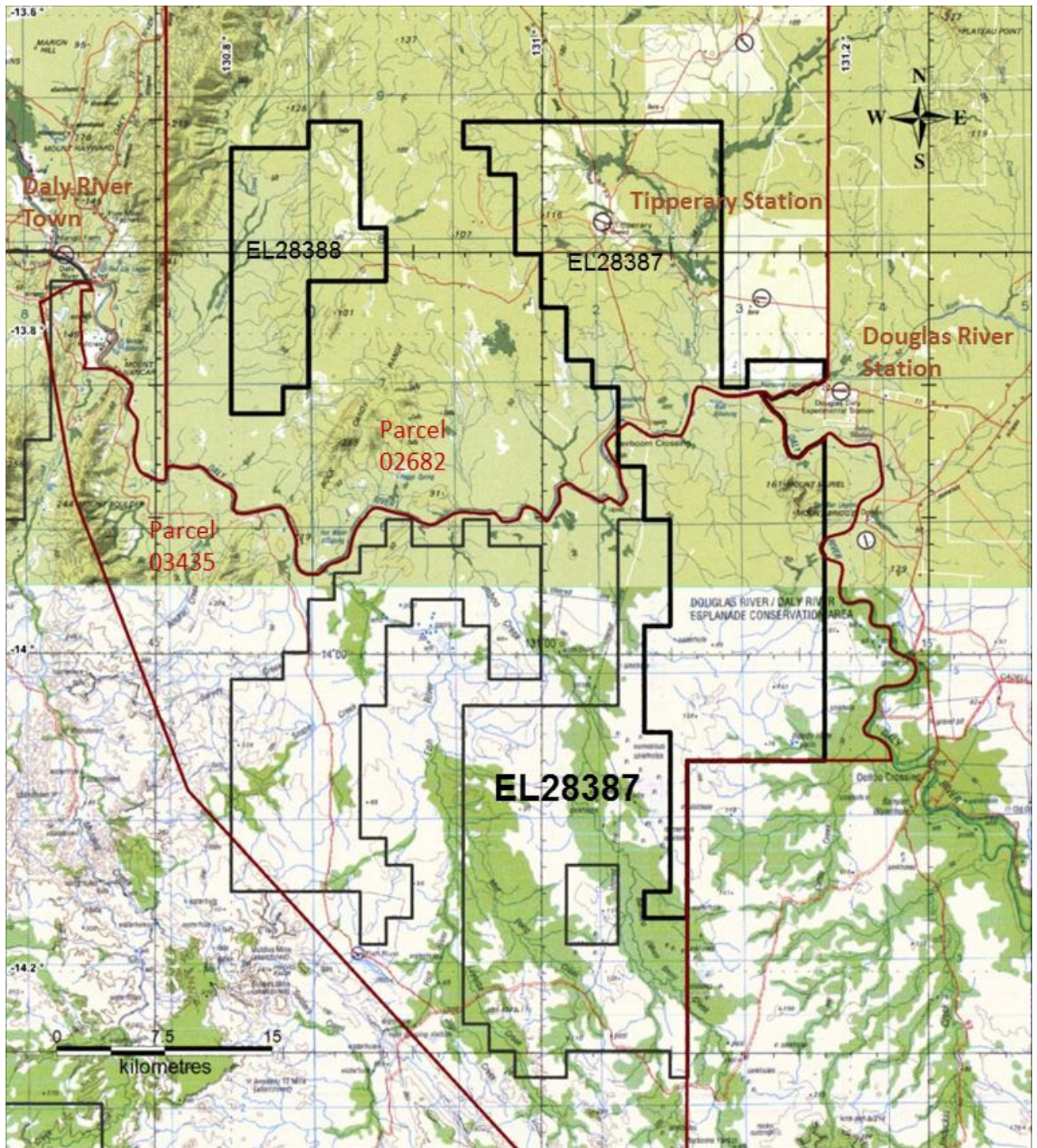


Figure 1 Tenement Location Map

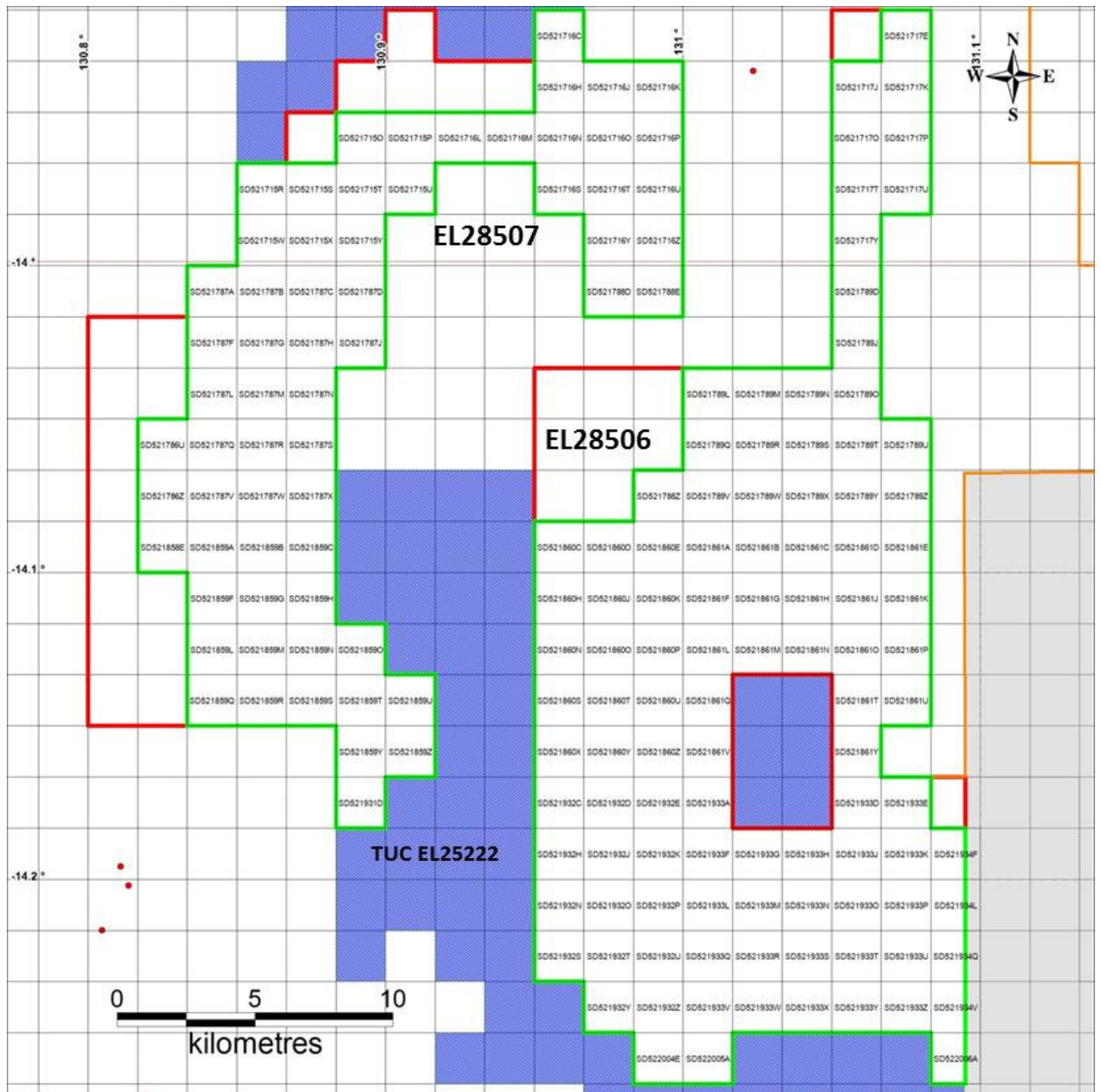


Figure 2 Tenement Reduction Map Year 2 (red blocks dropped)

4. GEOLOGY

EL28506 is situated near the western margin of the Pine Creek Orogen on the SD5208 Pine Creek sheet. Descriptions of the regional geology can be found in several texts, including Ahmad et al., 1993; Ahmad, 1998; Dundas et. al., 1987; and Pietsch 1989. Figure 2 has the simplified geology from the Pine Creek 250,000 Metallogenic Map Series to show the main stratigraphic components within EL 28506.

Middle Proterozoic sediments of the Tolmer Group are mapped as overlying the tenement. The Tolmer Group is a sequence of arenite, siltstone and dolomite up to 1600m thick unconformably overlying Early Proterozoic Finniss River Group sediments. The Hinde Dolomite is the most commonly mapped stratigraphic unit of the Tolmer Group within EL28506. Fault splays from the Giants Reef Fault to the west offset and thrust blocks of Depot Creek Sandstone adjacent to Stray Creek Sandstone in the Rock Candy Range to the west of the tenement.

Further east, limestones and quartzarenites of the Cambro-Ordovician Daly River Group (comprising Tindall Limestone and Jinduckin Formation) form the Daly Basin. These sediments cover most of the area east of Which Wai Creek. The basin consists of Cambrian limestone sediments which obscure the mineral prospective lower Proterozoic sediments and severely limits exploration efforts.

Potential could exist for Barite and low grade base metals within the basin sediments but historical exploration in the area has failed to discover any economic grade mineralisation. There is also little evidence of radiometric or magnetic anomalies within the tenement. Exploration for early Proterozoic basement rocks (prospective for uranium and base metal mineralisation) beneath the basin is a possibility and is discussed below.

It is possible for uranium mineralisation, sourced from the uranium rich lower Proterozoic basement, to have been deposited in the Tolmer sediments above the Lower Proterozoic unconformity, in a similar way to some occurrences of uranium mineralisation above the unconformity in the Athabasca Basin in Canada. In the south west of the tenement Uranium mineralisation at or below the unconformity is likely to be a prohibitively deep target but areas could be found where structures have brought it closer to surface. In the north east portion of the tenement mid Proterozoic and Cambrian cover sequences may be much thinner and areas can be seen in EM conductivity sections where the prospective basement may be within 100m of the surface. The north of the tenement also covers extensions to structures identified at TUC's prospect Green.

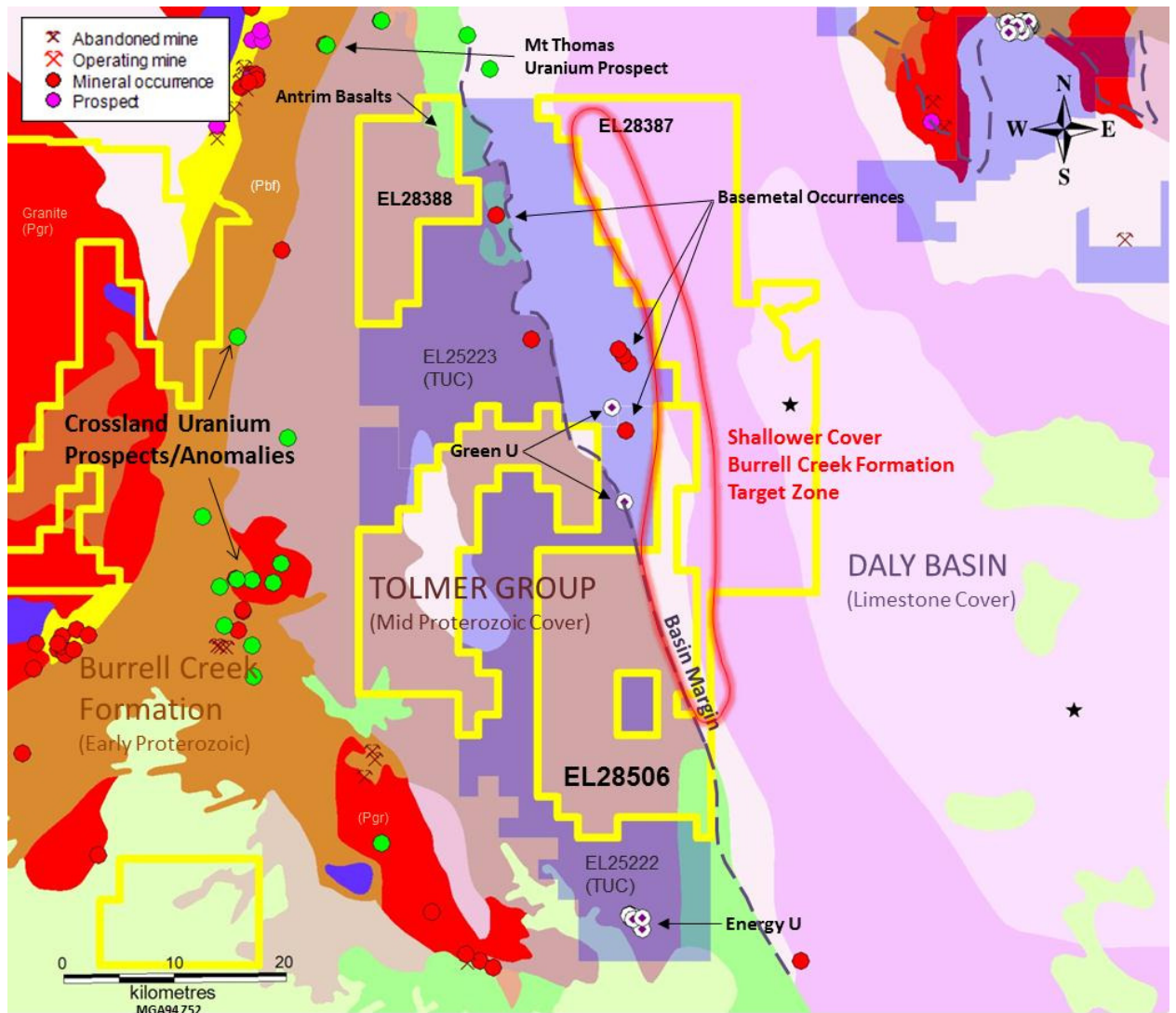


Figure 3 Tenement Geology (1:250K)

5. PREVIOUS EXPLORATION

Records of exploration date back to 1967 and AP licence #1682. Exploration phases have included searches for limestone, phosphate, base metals, gold, diamonds and uranium. Most of these programs have had limited success. Companies include IMC Development Corporation, Tipperary Land Corporation, Suttons Motors, Peko Wallsend, BHP, Carpentaria Exploration, Total Mining Australia, PNC Exploration, Newmont and Normandy.

Previous holders TUC Resources undertook exploration for unconformity related uranium mineralisation in the area. They targeted uranium associated with the mid Proterozoic unconformity between the Tolmer sediments and the Finniss River Group (Burrell Creek Formation). TUC only completed a radiometric survey over the portion that is now EL28506.

6. EXPLORATION DURING YEAR 1

Exploration was postponed whilst the company re-organised its exploration strategy and land holdings.

Geological review of the tenement highlighted the following:

Recent exploration activity in the area has discovered significant rare earth element and uranium mineralisation (Stromberg, Drax and Quantum – TUC Resources) in the same stratigraphic and structural terrane to that covered by this project (Figure 2). The REE mineralisation at Stromberg has excellent mineralogy (xenotime) with a high heavy rare earth component (the more valuable of the REEs) and is within Tolmer sediments. Stromberg and Scaramanga both have trends striking onto Territory Minerals Tipperary Project (Figure 2). Figure 3 shows TUCs HREE prospects that strike onto EL28506.

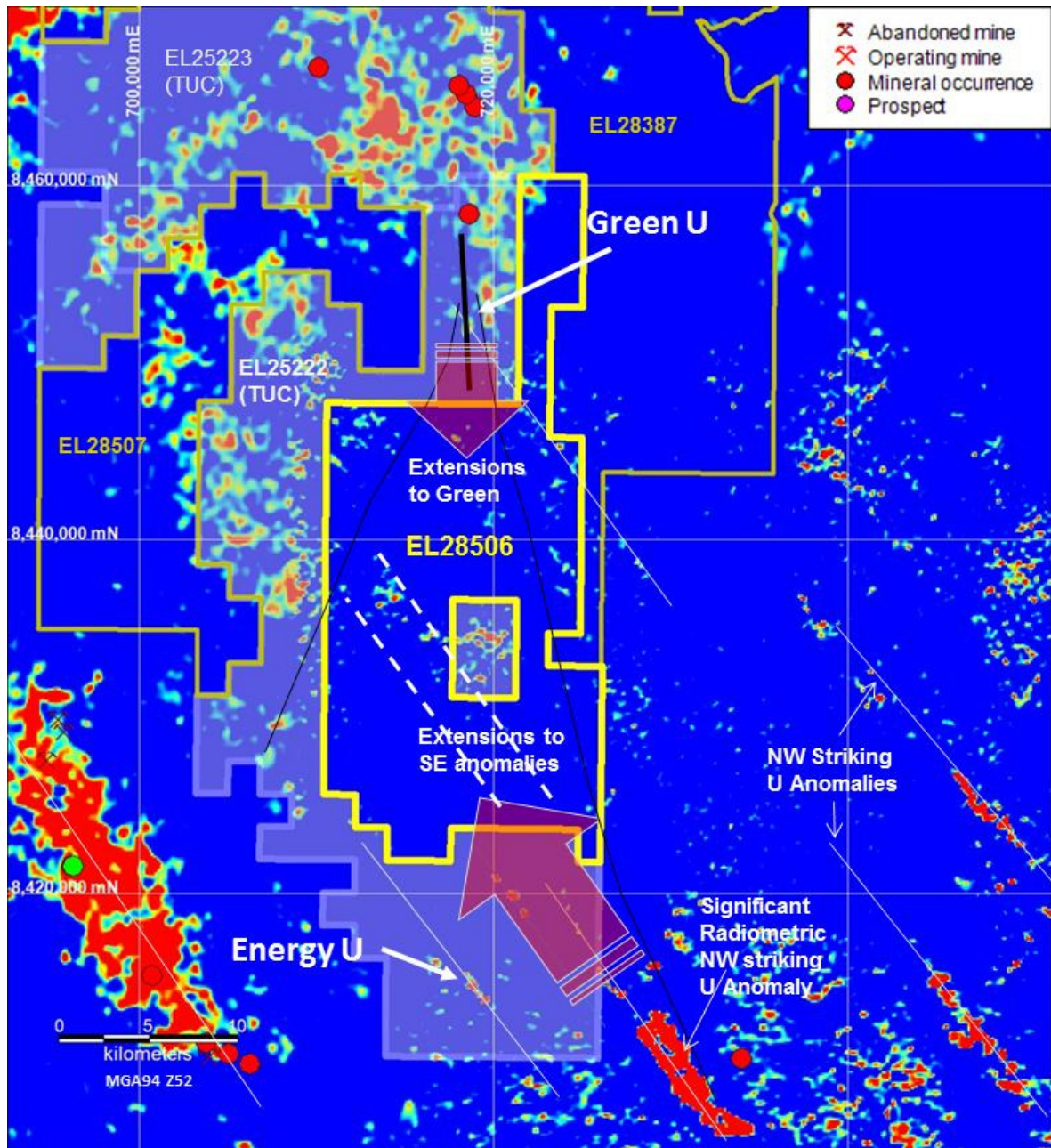


Figure 4 EL28506 Along Strike of TUC HREE Prospects

Exploration targets include:

- Stratabound Mississippi style base metal deposits within the Tolmer and Daly Basin Sequences.
- Unconformity related uranium mineralisation associated with the unconformity between the Lower Proterozoic Burrell Creek Formation and the Tolmer Sequence. In most areas this unconformity is relatively deep, however, at the eastern side of the project (EL28506 and EL28387) these prospective lower Proterozoic units may be within 100m of the surface hidden below the Cambrian Daly Basin cover (based

on EM interpretation) – Figure 2. In other areas, zones of structural complexity may have brought this contact closer to the surface (EL28507).

- Carbonaceous shale units prospective for uranium, base-metal and REE mineralisation within the Tolmer Sequence. These carbonaceous units have been identified by historical exploration (on EL28507) and EM geophysics but have not been tested for uranium or REE mineralisation.
- REE mineralisation in similar settings to Stromberg and along regional uranium radiometric trends (eg EL28506, EL28507 and the western margin of EL28387 exposed and beneath shallow parts of the Daly Basin, Figure 2 and Figure 3).
- A number of major fault structures that originate from the highly prospective Giants Reef Fault cross the project (EL28507) and provide a conduit for mineralising fluids. These structures are mineralised 10km to the SW of the project within Crossland Uranium's ground.

The combination of these factors give new exciting exploration models that have yet to be tested on this tenement.

7. EXPLORATION DURING YEAR 2 AND 3

During 2011 Territory Minerals commenced a reorganizing of its exploration strategies and land holdings with a view to be listed on the ASX in 2012. During this process exploration was postponed on this license.

By October 2011 Territory Minerals had successfully entered into a sale agreement to purchase Republic Gold's Far North Queensland (FNQ) tenements including the Northcote and Tregoora gold deposits which are at bankable feasibility stage. All tenements were transferred into Territory Minerals name.

However due to the deflated financial climate the listing of Territory Minerals did not progress as quickly as hoped. No exploration was completed and the tenement was relinquished in year 3.

The figure below summarises exploration potential review undertaken during the year for the tenement; the review demonstrated that the tenement sits along strike of a number of interpreted heavy rare earth (HREE) trends which include HREE prospects recently identified by TUC Resources. These trends may have been obscured by recent alluvial cover.

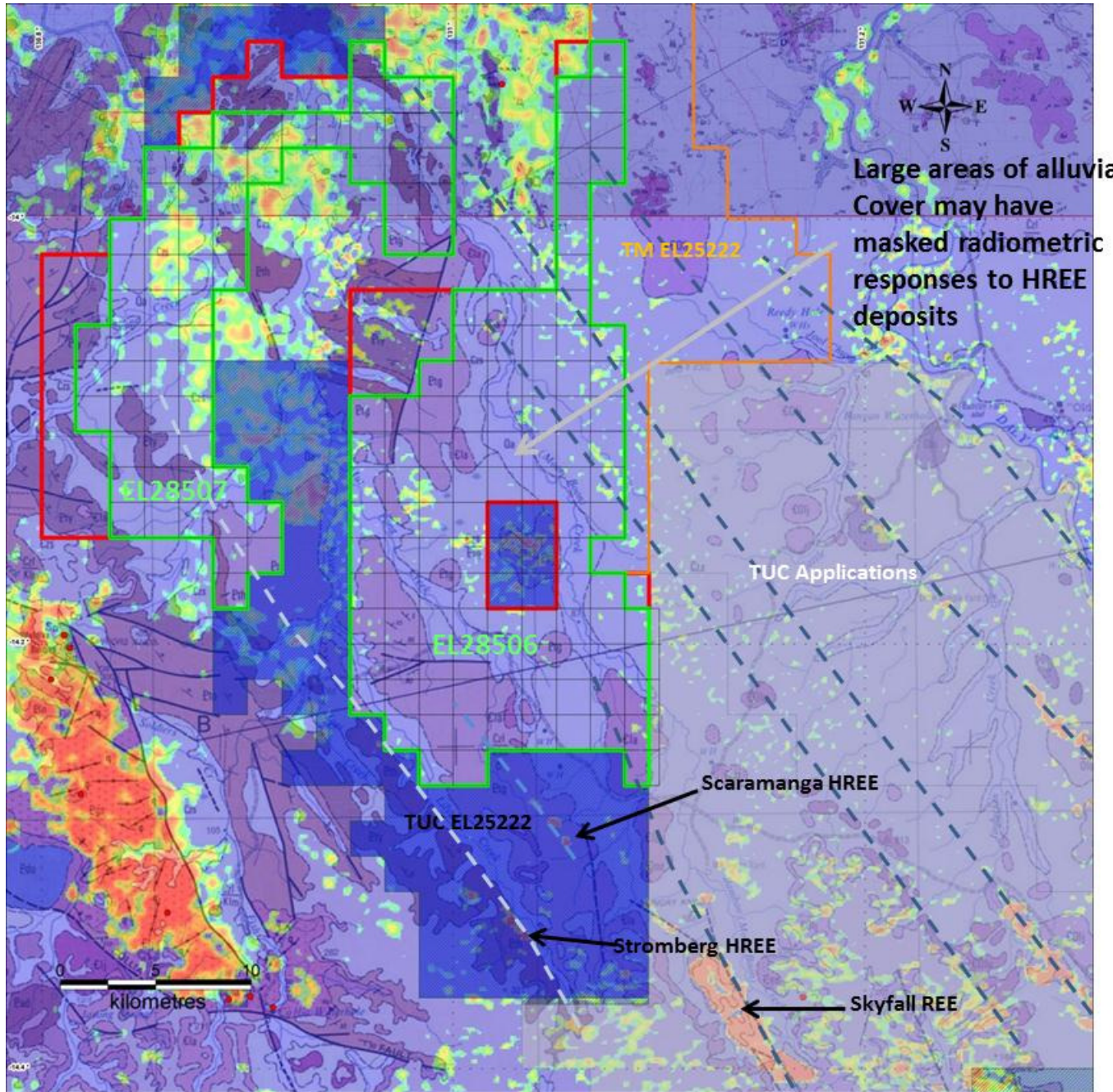


Figure 5 EL28506 over radiometrics, Along Strike of 2013 TUC HREE Prospects

8. CONCLUSION/RECOMMENDATION

Due to the current difficult financial climate the tenement was relinquished in year 3.

9. 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*
- Dundas, D.L., Edgoose, C.J., Fahey, G.M., and Fahey, J.E., 1987. Daly River 5070 Explanatory Notes *1:100,000 Geological Map Series; Northern Territory Geological Survey*.
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