YEAR 2 ANNUAL EXPLORATION REPORT

EL 28386
'HARRIET CREEK'
PINE CREEK PROJECT
FOR PERIOD ENDING 6TH JULY 2013

PINE CREEK SD5208
MT EVELYN SD5305

Titleholder: Territory Minerals

Commodities: Greisen: Sn, Ta, Cu, Pb, Zn, Ag, Pegmatite: REE, U, Sn, Ta, Lode/Saddle Reef Style: Au, U, Ag, Cu, Pb and Alluvial: Au, Sn

Prepared for Territory Minerals

By A. Chapman

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1. SUMMARY

EL28386 is situated 5km east of Pine Creek, 180km south east of Darwin within the Pine Creek Geosyncline. Access from Darwin is via the Stuart Highway then north east on the Kakadu high way, the tenement being only 10km from the Stuart Highway and the Pine Creek Town. EL28386 was granted for a period of six (6) years in 2011 to expire on 6th July 2017. The tenement was reduced from 49 to 25 blocks for year 2 reduction requirements.

EL28386 is situated within the Pine Creek Geosyncline, a tightly folded sequence of Lower Proterozoic rocks. The majority of the tenement is mapped as underlying granite but an area of Finniss River Group sediments (Burrell Creek Formation) is mapped at its centre (the same prospective stratigraphy of the Pine Creek Gold deposits). Numerous pegmatite veins strike through the granite and the metasediments

The previous holder of the majority of this tenement was Atomic Energy who held ground that covered EL28386 and a larger area to the north east (see figure below). This tenement (EL24549) included the Twin and Dam Uranium deposits (10km NE from EL28386) which would most likely have been the focus of their exploration efforts and little would have been done on the ground that EL28386 now covers. Territory Uranium previously held the south eastern corner of the tenement (as part of EL25311), which borders the Nags head and Pony Tail gold deposits.

The presence of numerous pegmatites, Burrell Creek metasediments and greisen mineralisation and its proximity to the Pine Creek mineral field (and shear zone) indicates good potential for further discovery and provides immediate targets for exploration. Targets include: Greisen: Sn, Ta, Cu, Pb, Zn, Ag, Pegmatite: REE, U, Sn, Ta, Lode/Saddle Reef Style: Au, U, Ag, Cu, Pb and Alluvial: Au, Sn

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 during 2013. This re-organising is progressing successfully, although taking longer than expected, and includes the acquisition of a large gold project in far north Queensland from Republic Gold.

2. LOCATION AND ACCESS

EL28386 is situated 5km east of Pine Creek, 180km south east of Darwin within the Pine Creek Geosyncline. Access from Darwin is via the Stuart Highway then north east on the Kakadu high way, the tenement being only 10km from the Stuart Highway and the Pine Creek Town.

3. TENEMENT STATUS AND OWNERSHIP

EL28386 was granted for a period of six (6) years in 2011 to expire on 6th July 2017. The tenement was reduced from 49 to 25 blocks in compliance with year 2 compulsory reduction requirements. There are no other mining leases or mineral claims shown within the Licence boundaries.

Underlying cadastre (Figure 1) is all pastoral/ perpetual pastoral lease summarised in the table below.

NT Portion/Section Number	Owner	Address
000 01630	Adicrest Pty Ltd	PO Box 7207, St Kilda Road, VIC 8004
000 01631	Mary River Wildlife Ranch Pty. Ltd.	c/- Cridlands, 61 Smith Street, Darwin NT 0800
		PO Box 137, Pine Creek, NT 0847
000 00710	Foundation Franz Weber	CH-1820 Montreaux, Switzerland

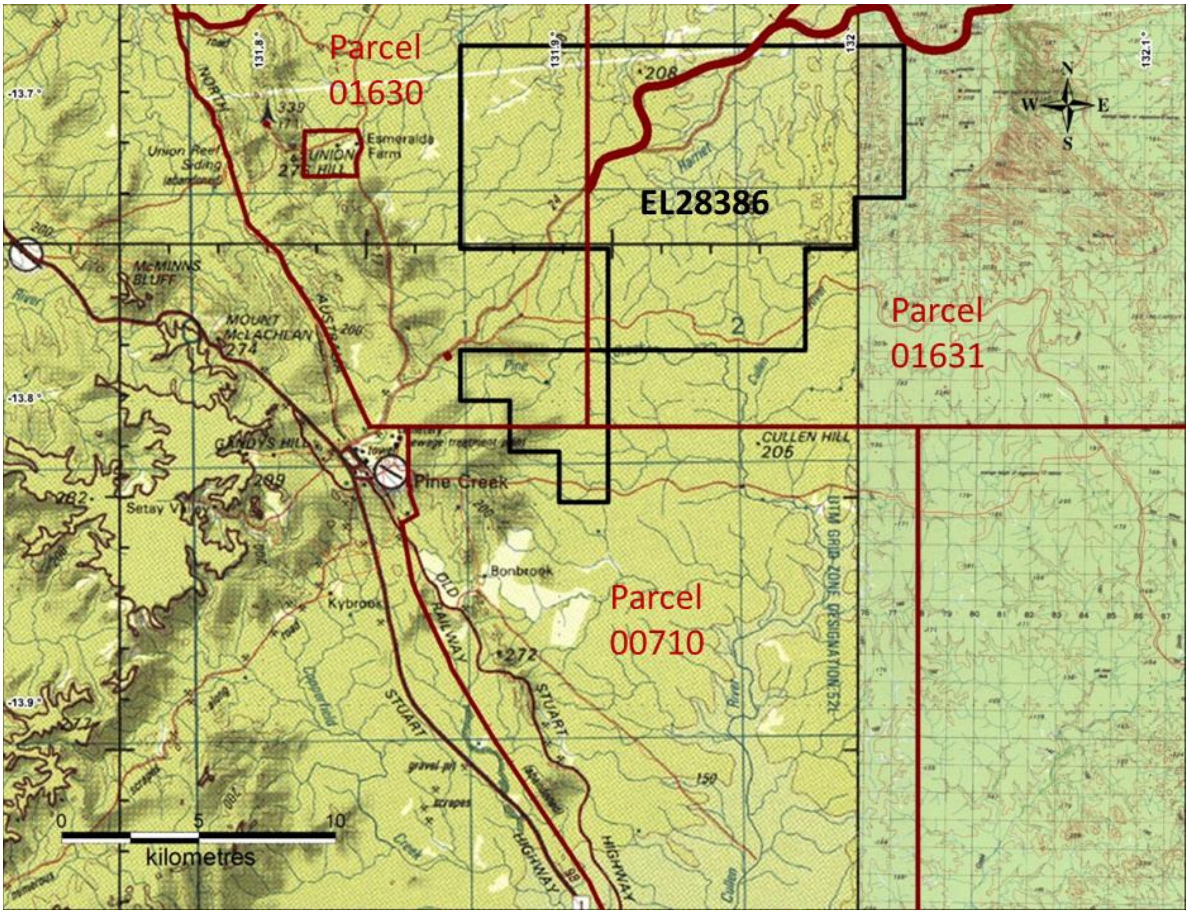

Figure 1 Tenement Location Map

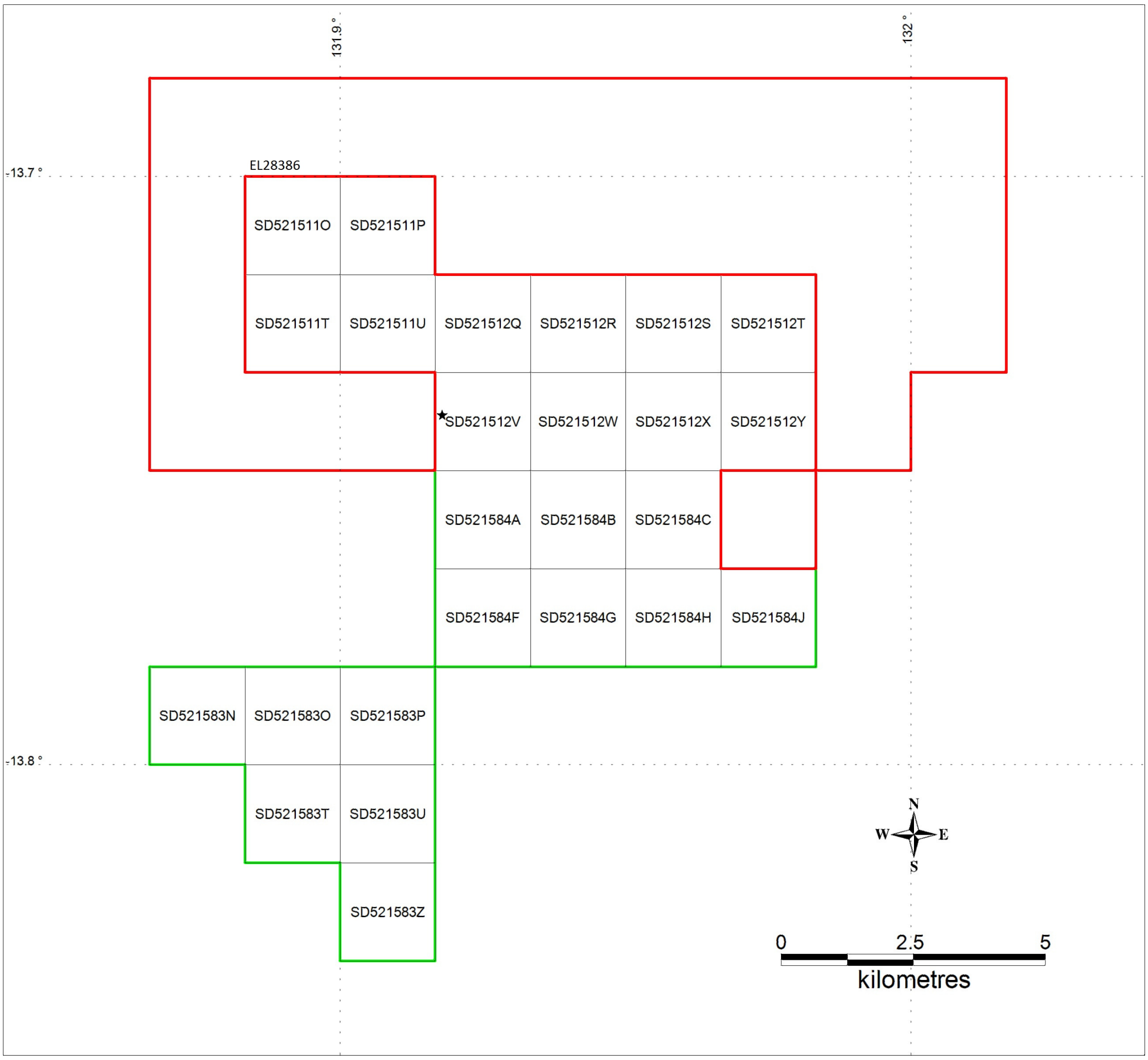

Figure 2 Tenement Reduction Map (red polygon – blocks dropped)

4. GEOLOGY

EL28386 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), which covers the 1:250,000 Pine Creek Sheet. More detailed mapping and explanatory notes cover the 1:100,000 Pine Creek sheet (Stuart-Smith et. al., 1987).

The majority of the tenement is mapped as underlying granite but an area of Finniss River Group sediments (Burrell Creek Formation) is mapped at its centre (the same prospective stratigraphy of the Pine Creek Gold deposits). Numerous pegmatite veins strike through the granite and the metasediments (Figure 2).

The Pine Creek Gold System (less than 5km to the west of the tenement) has a gold mining history which dates back to the 1870's with the largest two mines having a total estimated resource of 1.2 million ounces Au at 1.7g/t (Unions Reef) and 620,000 ounces Au at 2.7g/t (Enterprise) (NTGS: Gold Deposits of the Northern Territory, Report 11, 2001). Numerous resources within the field are currently being developed by Crocodile Gold.

EL28386 contains a historic alluvial gold mine with estimated dimensions of 200m by 150m to a depth of 2m. Also the tenement contains minor workings from early 1900's where a small tin greisen deposit was mined (Waldens Tin).

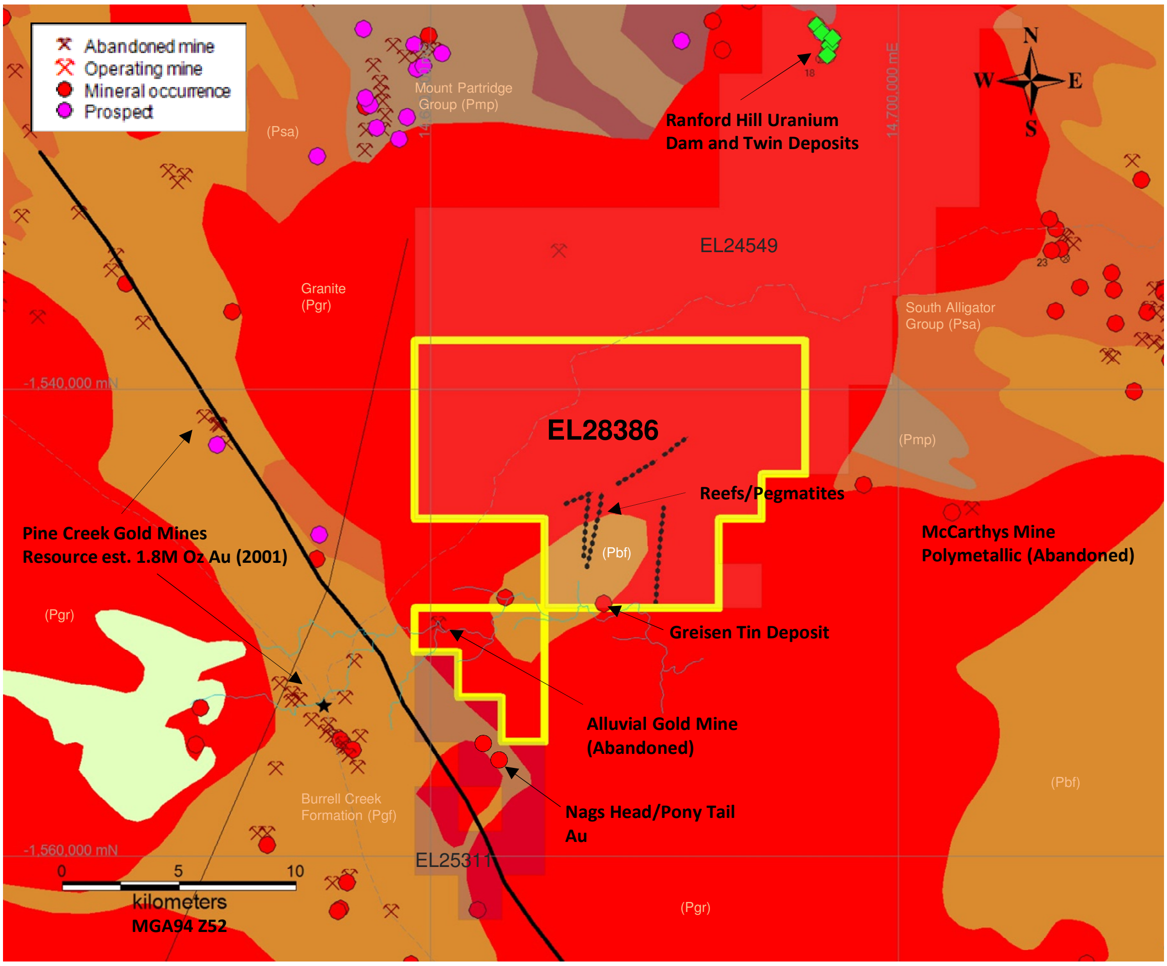

Figure 3 Tenement Geology (1:250K)

5. PREVIOUS EXPLORATION

There has been limited exploration undertaken within the tenement (minor reconnaissance and rock chip sampling). The previous holder of the majority of this tenement was Atomic Energy who held ground that covered EL28386 and a larger area to the north east (see figure below). This tenement (EL24549) included the Twin and Dam Uranium deposits (10km NE from EL28386) which would most likely have been the focus of their exploration efforts and little would have been done on the ground that EL28386 now covers. Territory Uranium previously held the south eastern corner of the tenement (as part of EL25311), which borders the Nags head and Pony Tail gold deposits.

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:

The presence of numerous pegmatites, Burrell Creek metasediments and greisen mineralisation and its proximity to the Pine Creek mineral field (and shear zone) indicates good potential for further discovery and provides immediate targets for exploration. Targets include:

- Greisen: Sn, Ta, Cu, Pb, Zn, Ag
- Pegmatite: REE, U, Sn, Ta
- Lode/Saddle Reef Style: Au, U, Ag, Cu, Pb
- Alluvial: Au, Sn

Also Exploration could easily test for alluvial gold along the extents of creeks which are already known to contain gold (6-7km of prospective creek system).

7. EXPLORATION DURING YEAR 2

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 over the past year the listing of Territory Minerals did not progress as quickly as hoped, with plans now to list in during 2013. Listing on the ASX remains a priority for the company with recent developments by Territory Minerals towards this goal including the purchase of the remaining minority equity in the Northcote Project held by Fe Limited.

8. CONCLUSION/RECOMMENDATION

Once completed, Territory Minerals believes the planned ASX float will put the company in an even stronger position to make discovery through exploration on its NT and Queensland Projects.

Should the float not be completed during year 3 Territory Minerals still intends to explore its NT licenses to add further value to its holdings.

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*.

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