ANNUAL EXPLORATION REPORT

EL 25294

Saunders Creek

FOR PERIOD ENDING 06 February 2009

RUM JUNGLE PROJECT NT

Pine Creek  SD5208  1:250,000
Pine Creek  5270  1:100,000
Burrundie  5270-IV  1:50,000

Titleholder: Territory Uranium Company Limited

Report No. 2009-007
Territory Uranium Limited
Andrew Chapman
March 2009
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1. SUMMARY

EL 25294 is located 18km northeast of Hayes Creek. Hayes Creek in turn is 170km southeast of Darwin on the Stuart Highway. The tenement is north of the Stuart Highway.

Territory Uranium Company Pty Ltd is exploring for Base Metals and Gold within this tenement. Previous exploration by TUC consisted of reviewing company reports and historical geochemical data collation and replotting.

Exploration in year 2 included seven RC holes for 330m. A best oxide intersect of 5m @ 1.44% Cu from 14m including 2m @ 3.35% Cu from 15m was returned from the southernmost line of holes leaving mineralisation open to the south, where copper oxide was mapped in old pits 200m along strike. To follow up on this result 24 auger holes were drilled for 32m but access restrictions due to the main creek and thickness of alluvial cover prevented this program from being effective. A total of 305 RC and 33 Auger samples were submitted for multi element analysis.

2. LOCATION AND ACCESS

EL 25294 is situated approximately 18km northeast of Hayes Creek. Hayes Creek in turn is 170km southeast of Darwin along the Stuart Highway (Fig 1). Saunders Creek and Margaret River dominate the eastern and western part of the tenement respectively.

Access to the area is by 4WD using old tracks during the dry season only.

Topography for most of the tenement is rugged and hilly. The maximum elevation within the tenement is approximately 285m and the minimum is 110m. The north eastern parts of the area have minor floodplain. Saunders Creek with its tributaries and Margaret River dominates the eastern and western part of the Licence area respectively.
Figure 1    Location Map of EL25294
3. TENEMENT STATUS AND OWNERSHIP

EL 25294 was granted on 5th February 2007 for a term of six (6) years. It comprises 5 graticular blocks (16.47 sq km) (Figure 1). There are no other mining leases or mineral claims within the License area.

Underlying cadastre is all held Perpetual/Pastoral Lease. There are two land owners that are within the tenement area: Tovehead Pty. Limited & Branir Pty Ltd and Equest Pty Ltd.

Access to the area is granted by both land owners, though was not possible to access the License area due to wet ground and overgrown grass.

The expenditure covenant set for the year 2 was $28,300.

Tenement reduction for the end of year 2 was undertaken with 1 of 5 blocks dropped (area dropped in red, figure below).

Figure 2 Landholders and Lease Numbers displayed inside EL 25294, dropped ground red polygon
4. GEOLOGY

EL 25294 is situated within the Pine Creek Geosyncline, a tightly folded sequence of Lower Proterozoic rocks. The 1:100,000 Pine Creek Geological map covers the tenement area (Smith, Needham, Bagas and Wallace, 1987). A full description of the geology and stratigraphy of the Pine Creek region can be found in the text accompanying the map (Smith, Needham, Bagas and Wallace, 1987).

The tenement area is covered by the Mount Partridge Group (Wildman Siltstone), South Alligator Group (Koolpin and Gerowie Formations) and the Zamu dolerite. The Wildman Siltstone occurs as thin layer at the centre of the tenement and occupies the core of a syncline. The Koolpin Formation and the Zamu Dolerite covers most of the License area. Gerowie Formation covers on the northwestern corner of the tenement. Although the rocks are folded, the regional trend of the rocks is NW-SE. The structure consists of the continuation of the major regional anticline, the Burrundie dome, and other syncline and anticlines. A major NW - SE trending fault, Saunders Creek Fault, crosses the tenement on the NE part. Minor faults trending ENE – WSW also occurs within the area.

Figure 3 Geological Map of EL 25294 from 1:100000 geologic map of Smith et al (1987).
5. PREVIOUS EXPLORATION

The previous tenure and exploration done is summarised below.

Company reports obtained from the DPIFM shows Pickford’s area was first mined at the beginning of the century, 1915 (9 tones of Pb) and 1955 (20 tones of Cu ore), when several pits were excavated on the main quartz vein.

Exploration has been carried out in the area since 1968 by numerous companies. The work can grouped in to those done on the mine claims (MCN148) and on exploration lease area.

Knave Pty Ltd - Northern Gold (JV in 1989) worked on Pickford’s prospect (MCN148) from 1982 – 1991. Rock chip and soil sampling were carried out in 1989 and six RC holes were drilled in August 1990 with a total of 360m. Results from the drilling includes; Cu 2m @ 0.94% and 5m @ 0.21% from hole P04 and 5m @ 0.33% from hole P05; Pb 3m @ 17.17% from hole P02; and Zn 10m @ 1.36% from hole P01. Rock chip results up to 20.5% Pb are also reported. The location of the MCN148 seems in doubt and needs ground checking. Historical drilling in the tenement was limited to the MCN148 (Pickford’s) gold and base metal prospect.

There has been a considerable amount of systematic exploration for gold and base metal mineralisation by many companies within EL 25294.

Central Pacific Minerals held AP1959 and explored large area in the Pine Creek region for base metals including EL 25294. Rock chips and Auger drill was used to explore the area.

Geopeko explored the area for polymetallic sulphide type deposits. Two magnetic anomalies were diamond drilled in an area referred to as the Saunders Creek Anomaly. No significant base metal or gold mineralisation was reported in these holes.

EL 3138 was explored by Geopeko-Anacoda-CSR between 1982 and 1987. Stream sediment, soil and rock chip sampling programme and geological mapping of the Koolpin Formation was conducted by Geopeko in 1982 and 1983. The exploration work was targeted at gold and base metal mineralisation. CSR conducted further stream sediment sampling programmes from 1985 to 1987 searching primarily for disseminated gold mineralisation within Zamu Dolerite. Several areas of anomalous geochemistry were defined mainly out of EL 25294.
EL 4734 and EL 4817 (1985 -1989) were granted to CSR in 1986. Cyprus minerals farmed in 1987 and then subsequently acquired a 100% interest in the area from CSR. CSR initially carried out exploration targeting the dolerites for gold mineralisation. The work includes BLEG stream sediment and rock chip sampling, geological mapping and low level airborne geophysics (Magnetics and Radiometrics) and ground Magnetics. Cyprus latter carried out Landsat Thematic Mapper interpretation, composite Rock chip sampling and geological mapping and interpretation of Aeromagnetic data. In contrast to CSR, Cyprus was looking for gold and/or base metals within sulphidic units of the Koolpin Formation. Anomalous areas defined with in EL 4734 were either covered by existing Mining Leases or were outside the EL boundaries. The results of the work done on EL4817 showed two anticlinal axial zones which traverse the southern part of the tenement area.

SEL 8421 was explored by Aztec between 1990 and 1994. The SEL 8421 includes six Licenses (EL 7021, 7127, 7391, 7661, 7980, and 7981) which were amalgamated in 1993. Aztec was targeting base metals mineralisation which may occur as stratiform or structurally controlled polymetallic sulphides. Work done by Aztec include: rock chip sampling and geological mapping, soil sampling and ground magnetic survey. Detail prospecting and diamond drilling was done on a galena mineralisation identified at Emerald Springs anomaly which is south of the current lease area.

Northern Gold explored EL 6729 from 1990 to 1993 for gold and base metals. Soil sampling, rock chip sampling and detail geological mapping were done on the area. The rock chip sampling programme produced disappointing results, with all samples close to or below the Au detection level. The program was successful in defining continuations of the Pickford’s Pb/Zn anomaly to the east of MCN 148 and the Au/Cu anomaly to the south. Northern Gold applied for a 40 ha mineral claim over the main anomalous area surrounding the old Pickford workings.

EL 9485 was granted to Northern Gold and Camelot Northern Territory in 1996 for six years period. Northern Gold acquired and processed Land Sat and Spot imagery, AGSO mapping and multiclient aerial geophysical data. They have also done digital terrain modelling on the area. The results of the processed digital data were used to assess the regional structures and determine the best method of exploration. Northern Gold surrendered the area in 1998.

In 2007-2008 Territory Uranium exploration consisted of historic data compilation including tenure, datasets, open file reports and geo-referencing
of relevant maps. This enabled an informed review of the tenements prospectively in regards to gold and base metals.

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Table 1 Previous Exploration tenure intersecting EL 25294

6. EXPLORATION DURING YEAR 1 (2008-2009)

In 2007 - 2008 all available historical data was compiled into one database (displayed in Figure 4). Two attempts to visit the tenement area were unsuccessful because of wet ground and overgrown grass.
7. EXPLORATION YEAR 2 (2008-2009)

7 RC holes for 330m - 303 samples assayed
24 Auger holes for 34m – 33 samples assayed

A small program of seven RC holes for 330m was drilled as an initial test of the Saunders & Pickfords prospect (historically worked on a small scale for lead, silver, zinc and copper) after database compilation and field mapping indicated a structurally controlled zone of mineralisation. All holes intersected structure and veining with zones of Cu, Pb and Zn enrichment. A best oxide intersect of 5m @ 1.44% Cu from 14m including 2m @ 3.35% Cu from 15m was returned from the southernmost line of holes leaving mineralisation open to the south, where copper oxide has been mapped in old pits 200m along strike (Figure below).
Figure 5- Saunders and Pickfords interpreted geology and drill plan showing historical (grey) and recent (black) holes and recent significant drill intersects (red boxes). Follow up auger drilling shown as blue/red dots.

<table>
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<th>To (m)</th>
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<th>Pb (ppm)</th>
<th>Zn (ppm)</th>
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<td>17</td>
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<td>2750</td>
<td>(1.21%)</td>
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Table 2 Recent Significant Intersections

24 auger holes were drilled for 32m (blue dots in figure 4) targeting mineralisation beneath the alluvial cover immediately south of the current drilling. Unfortunately cover was too deep for the auger to penetrate. Also attempts to cross the creek to the southernmost area failed. Figure 5 above shows the hole locations in blue.
8. Rehabilitation

All holes were fully rehabilitated with collars cut, plugged and buried. Samples, drill spoils and all rubbish removed, sumps filled and tracks and sites checked for oil leaks and ripped.

9. PROPOSED EXPLORATION YEAR 3

In the context of the current global financial crisis, exploration proposed for EL25294 in year 3 has been limited. Even so Territory Uranium Co Ltd is actively seeking joint venture / corporate deals to fund exploration on this tenement. Given these issues exploration planned for year 3 includes:

- Reconnaissance of radiometric anomalies to the west of the tenement
- Auger drilling south of main old workings
- Gridded soil geochemical program

It is expected that expenditure for year 3 should meet a covenant of $15,000.

Future work planned would include airborne EM over the entire Pickfords and Saunders trend within our tenement limits and RC/Diamond drilling of identified anomalies.

10. REFERENCES


Appendix 1
Auger and RC hole location map A1.

File: Auger_RC_locationmap.pdf

Appendix 2
RC and Auger Data Files.

Files:
- EL25294_RCassaydata_2009.csv
- EL25294_RCCollardata_2009.csv
- EL25294_RCgeoldata_2009.csv
- EL25294_RCsurveydata_2009.csv

Appendix 3
RC and Auger Drill Sections.

Files:
- EL25294RCsection1.jpg
- EL25294RCsection2.jpg
- EL25294RCsection3.jpg