COMBINED ANNUAL EXPLORATION REPORT
CR110
EL24884, EL24906, EL25228

FOR PERIOD ENDING 19TH January 2009

BATCHelor - ADELAIDE RIVER PROJECT NT

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

Titleholder: Territory Uranium Company Limited

Report No. 2009- 005
Prepared for Territory Uranium Ltd
By A Chapman
February 2009
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1. SUMMARY
The project area is approximately 80km due south of Darwin and consists of three tenements: EL24884, EL24906 and EL25228. All tenements underwent requirements for 2nd year 50% reduction, EL24884 1 block dropped 2 to keep, EL24906 26 blocks dropped 26 to keep, EL25228 waiver from reduction applied for 102 of 142 blocks to keep.

Exploration during the year included reconnaissance rockchip sampling (13 samples), auger drilling (124 holes for 163.4m) and RC drilling (15 holes for 672m). Significant uranium anomalies were returned on EL24884 and 2 new mineralised reefs were identified on EL25228.

2. LOCATION AND ACCESS
The project area is approximately 80km due south of Darwin and consists of three tenements: EL24884, EL24906 and EL25228 (Figure 1).

EL24884 is situated approximately 2km SE of Batchelor, NT (Figure 1). Topography is undulating with low hills over the western side of the tenement, with steeper hills on the eastern side. The tenement has numerous creeks which can flood in heavy rains during the wet season. There are no roads to the tenement, although a faint track is marked on the 1:50,000 mining tenure maps extending from the end of the Gould runway to the west.

EL24906 is situated approximately 12km SE of Batchelor, NT, and 8km N of Adelaide River (Figure 1). The western boundary of the Licence runs along the Stuart Highway, while the northern boundary is partly bounded by the Tortilla Flats road. The southern boundary follows Stapleton Creek, and part of the south-eastern border is bounded by the Adelaide River. Tenement boundaries are easily accessed along established roads. Topography for most of the tenement is low relief, with some floodplains. The western border of the Licence has higher relief around Heaton Hill and south in the area bounded by Stapleton Creek. The tenement has numerous creeks which can flood in heavy rains during the wet season.

EL25228 is situated approximately 12km east of Adelaide River, NT, and 120km SSE of Darwin (Figure 1). The Stuart Highway crosses the southern portion of the Licence near Mt Darwent and is near the western boundary of the Licence near Mt Tymn. Access to EL 25228 is via the Stuart Highway (in the southern area) and
along the Ringwood Station road in the northern part. Different tracks traverse the Licence, but most of the tenement is inaccessible during the wet season. Topography for most of the tenement is low relief, with some floodplains and black soil plains. The Adelaide River borders the NW part of the Licence, while the Howley Creek transects the eastern portion. The southern border of the Licence has higher relief and areas around Mt Foelsche, Mt Tym and Mt Darwent are also notable ridges rising out of black soil plains. The tenement has numerous creeks (many feeding into Howley Creek) which can flood in heavy rains during the wet season.
Figure 1: Location Map
3. TENEMENT STATUS AND OWNERSHIP

Tenement Status and Landowner information is summarised in the table below:

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Blocks</th>
<th>Grant Date</th>
<th>Year</th>
<th>Anniversary</th>
<th>Covenant</th>
<th>Cadastre</th>
<th>Owner</th>
<th>Station Name</th>
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<td>Stanley Corporation</td>
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<td>23/11/2008</td>
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<td>Donald Aaron White</td>
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</table>

There are 11 other mineral claims within the original (prior to reduction) EL 25228; 10 cover the Mt Tymn Au prospect and are held by Montfall Pty Ltd (MCN’s 1326, 3026, 3029, 3030, 3032, 3033, 3035, 3036, 3038, 3039). MCN 4277 covers the H23 prospect and is held by Agricola Gold. EL 10321 held by Agricola Gold is enclosed within EL 25228 (Figure 1). Reservation from Occupation (RO) 24350 covers radio telecommunication repeater sites plus the railway line. A 30m wide easement transects the Licence from the NE to the SW which contains a high pressure gas pipeline. These tenements excise the area of EL 25228.

Access at this stage has not been granted to the Muljono property. All other land owners, where work is intended to occur, have given permission to enter.

All tenements underwent requirements for 2nd year 50% reduction as follows (Figure 1):

- EL24884 1 block dropped 2 to keep
- EL24906 26 blocks dropped 26 to keep
- EL25228 waiver from reduction applied for 102 of 142 blocks to keep

4. GEOLOGY

The project 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 areas (Crick, 1980).

EL24884

The tenement is in the Rum Jungle area, which has an Archaean basement complex unconformably overlain by a Proterozoic sedimentary succession comprising the Manton, Mount Partridge, South Alligator and Finniss River Groups of the Pine Creek Orogen. Uranium and base metal mineralisation occur in the Mt Partridge Group sediments around the margins of the Archaean domes and are associated with faulting. Lally (2002) recognised at least 7 structural deformation events.

EL24884 overlies Lower Proterozoic metasediments from the Mount Partridge Group. The calcareous sediments of the Whites Formation cover the NW corner of the tenement, which is overlain by the shales and argillites of the Wildman Siltstone in the centre of the tenement. The gritty sandstones of the Acacia Gap Quartzite Member have been mapped in the eastern part of the Licence (Figure 2). The Archaean Rum Jungle Dome is approximately 4.5km north of EL24884, while the Archaean Waterhouse Complex is just less than 6km west of the tenement.

The Rum Jungle uranium deposits are located in the vicinity of the Rum Jungle and Waterhouse Complexes, and are hosted within carbonaceous and pyritic shale of the Whites Formation, adjacent to the contact with the Coomalie Dolomite (Ahmad, 1998). Base metal mineralisation at Woodcutters (approximately 12km NNE of EL24884) is hosted within carbonaceous dolomitic shales of the Whites formation, and consists of sub-vertical veins in an anticlinal hinge (Ahmad, 1998). There are no recorded mineral occurrences within the tenement, but the Waterhouse No.1 U-Cu mineral occurrence is 600m east of EL24884 (Figure 2).

EL24906 & EL25228

The area covers the Finniss River Group (Burrell Creek Formation) which is dominantly feldspathic greywacke with interbedded siltstones. A very small section (<1 block) in the SE part of EL25228 is underlain by Gerowie Tuff and Mt Bonnie Formation from the Mt Partridge Group (Figure 2). The Mount Shoobridge fault transects the central part of the tenement and 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.
Figure 2: CR110 Regional Geology (NT250K Geology map)
5. PREVIOUS EXPLORATION

5.1 Exploration by Other Companies

Previous exploration from the 1970’s to the present has been reviewed and summarised in previous annual reports for these tenements. Exploration ranged from airborne geophysics to drilling exploring for uranium, gold and base metals, geochemical exploration was also undertaken. Historical exploration is summarised in Appendix 1.

On EL24884 and large soil program was undertaken and a minor amount of drilling but exploration focused on prospects to the east and west including the White Bomb and Water House prospects.

On EL24906 exploration primarily involved rock chip, soil and stream sampling for gold and some base metal analysis (especially in the North West corner of the tenement). Historical drilling was limited to the H22 gold prospect (5 RC holes) and the Mt Woods gold prospect (6 RC and 1 diamond hole).

On EL25228 exploration was undertaken by Central Pacific Minerals, Aquitaine, Pan Dor mining, WMC, Ringwood and others. Exploration involved drilling, geophysics and geochemistry primarily for gold and uranium.

5.2 Previous Exploration by Territory Uranium

EL24884

Work undertaken on EL24884 in 2007 included purchase of digital imagery, minor rock chip sampling (not assayed) and reprocessing of geophysical data to enhance radiometric data and anomalies (files attached in appendix).

Field reconnaissance visits were attempted to investigate radiometric anomalies using geochemistry and ground radiometrics on 5th January 2008 and 2nd February 2008. These visits were stopped due to excessive flooding from cyclone activity cutting off key access routes as well as by damaged gate locks at entry points.

EL24906

In 2006-2007 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 Uranium. Also field reconnaissance and a small rock chip program were completed.

In Year 2 a total of 490 scintillometer readings were taken over the main anomalies identified from radiometric survey data with readings confirming the anomalies. The highest readings (>500 mSv) were from H22 and Anomaly 1. Also 31 rock chip samples were taken in conjunction with the traverses but only 8 were assayed with no significant results returned.

EL25228

Work done during Year 1 of tenure consisted of a historic data compilation, which included a review of targets and prospects outlined from the previous work. Also the available geophysics (from both regional NTGS airborne surveys) and Open File Company Surveys were reviewed by a Consultant Geophysicist.

Work done included checking:

a) historic tenure in MapInfo, using a MapInfo file supplied by DPIFM (containing exploration tenure, but not mining tenure)

b) checking NTGS datasets, such as COREDAT, MODAT, Explorer 3

c) checking open file company reports submitted for previous tenure covering EL 25228

d) georeferencing relevant maps and plans into MapInfo to obtain locations of samples and mapped geology within EL 24906.

e) register check of sacred sites with the AAPA

The data compilation work shows that uranium exploration has been sporadic and limited within EL 25228. Most of the work has concentrated on exploration for gold and there still appears to be some gold targets for follow-up.
6. EXPLORATION DURING YEAR 2

Exploration during the year included reconnaissance rockchip sampling (13 samples), auger drilling (124 holes for 163.4m) and RC drilling (15 holes for 672m). Significant uranium anomalies were returned on EL24884 and 2 new mineralised reefs were identified on EL25228. Sample data and A0 summary maps of sampling are attached in appendix 2 and 3.

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<th>Tenement</th>
<th>Type</th>
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<th># meters</th>
<th># samples</th>
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<td>68.5</td>
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<td>RC</td>
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<td>60</td>
<td>43</td>
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<tr>
<td>Grand Total</td>
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**EL24884**

Reconnaissance rock chip sampling and a broad space Auger program (58 holes for 46m) was completed to test for uranium and base metal mineralisation. 5 rock chip samples were taken and from these two rock chip samples returned a significant geochemical anomaly with elevated U (75ppm (5 x background)), Ni (908ppm), Zn (2,000ppm), Pb (1,730ppm), P (4,400ppm), Ag (2.35ppm), Cu (470ppm) and Co (1,400ppm). Follow up geochemical sampling at these sites is planned for the next field season.

<table>
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<tr>
<th>Sample</th>
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<th>Co (ppm)</th>
<th>Cu (ppm)</th>
<th>Ni (ppm)</th>
<th>P (ppm)</th>
<th>Pb (ppm)</th>
<th>U (ppm)</th>
<th>Zn (ppm)</th>
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<td>56.7</td>
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<td>1730</td>
<td>73.9</td>
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Table 2 Significant rock chip results, EL24884.

**EL24906**

One drill hole was completed for 60m on EL24906 at the shear 1 prospect. 43 samples were taken no significant Au assays were returned and no multi elements assays were completed.

A reconnaissance visit earlier in the field season was undertaken to Area 2, no samples taken.
A tenement scale auger program was completed with 68 holes for xxm on 2 lines to test for gold, basemets and uranium. Results indicate a number of weak Au and U anomalies along strike from significant structures and known anomalies. Best results include: 60ppb Au and 8.9ppm U. Figure 3 shows these results in relation to known mineralised trends. Results have not significantly altered TUC’s exploration plans for this tenement.

Figure 3: Auger results for Au, new gold anomaly areas circled in red

EL25228

A total of 14 RC holes for 606m were drilled at the Brumby prospect, a minerised quartz reef system within folded gold prospective sediments, 25km south of Adelaide River town. Extensional drilling on the main reef system was disappointing but exploration holes targeting soil anomalies 500m to the north intersected oxide mineralisation on two separate reefs (Figure 44). Results on the two newly identified reefs are promising as neither of the reefs have been drilled previously and scope remains for improvements in grade and thickness.

Field reconnaissance and ground scintillometer work was also undertaken at a number of radiometric anomalies and 7 rockchip samples were taken. No significant results were returned but further investigation is warranted.
Figure 4 – Brumby Recent Drilling, showing intersections on two new reefs

7. PLANNED EXPLORATION FOR YEAR 3

Exploration for Year 3 will include: geochemical followup on the anomalies on EL24884 with possible aircore drilling and further more intense investigation into the uranium potential on EL25228 and EL24906 with exploration for unconformity related uranium deposits within the exposed Burrel Creek formation.
8. REFERENCES


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
Historical Data review Summary

Appendix 2
Data Files

CSV data files:
Appendix 3
Maps of Exploration work

EL24884.pdf
EL24906.pdf
EL25226.pdf