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Personal Authors	David Broomfield
Corporate Authors	Territory Resources Limited
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Contact Details	David Broomfield GM Business Development 23 Ventnor Avenue West Perth WA 6005
Contact Fax	08 9483 5111
Contact Phone	08 9483 5100
Email for Technical Enquiries	dbroomfield@territoryresources.com.au
Email for Expenditure	dbroomfield@territoryresources.com.au

TERRITORY RESOURCES LIMITED

A.C.N. 100 552 118

BERYL

EL 24990

ANNUAL REPORT

FOR THE PERIOD

24th July 2009 – 23rd July 2010

Pine Creek SD52-08 1:250,000 Sheet
Pine Creek 5270 1:100, 000 Sheet
NORTHERN TERRITORY

David Broomfield
August 2010

SUMMARY

Ground-based field mapping reconnaissance north of the Beryl Prospect and additional desktop targeting studies were undertaken within the tenement area during 2009-10.

The mapping results will be used to target iron ore over the mineralised strike within and either side of EL24990.

Total expenditure during the reporting year was **\$1,500**.

CONTENTS

SUMMARY

1. Introduction	5
2. Tenure	5
2.1 Mineral Rights	5
2.2 Land Tenure	5
3. District Geology & Mineralisation	7
4. Exploration Activities – Year 4	9
5. Proposed Exploration Programme – Year 5	11
6. Expenditure	11

FIGURES

Figure 1	EL24990 Tenement Location Plan	6
Figure 2	Tenement Geology EL24990	8
Figure 3	Mapping EL24990	10

APPENDIX

Appendix 1	Expenditure Statement
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1. INTRODUCTION

This report details exploration activities for iron mineralisation conducted by Territory Resources Ltd. Within the Beryl tenement EL24990 (adjacent to the Frances Creek Mine) during the year ended 23rd July 2010.

EL24990 is located in part within the old Frances Creek iron ore mining district from which about six million tonnes was produced during the period 1967 to 1974. The mining district lies 23km north of the township of Pine Creek which is located on the Stuart Highway about 220km south of Darwin, Figure 1. Access from Pine Creek is along the sealed Kakadu Highway for 2km and then along the graded Frances Creek road for 23km to the Frances Creek iron ore mine site area.

EL24990 was initially pegged to fill a graticular gap between A24268 (now forfeited) and ML24727 that resulted in the datum change from AMG84 to GDA94. It overlies the northern extensions of the Beryl deposit between the Rosemary and Ochre Hill deposits at Frances Creek.

2. TENURE

2.1 Mineral Rights

EL24990 was granted to Territory Resources Limited on 24th July 2006 for a term of 6 years, expiring on 23rd July 2012. The tenement covers 1 sub-block of 0.51km².

2.2 Land Tenure

The tenement is held 100% by Territory Resources Ltd. It overlies the Ban Ban Springs pastoral lease.

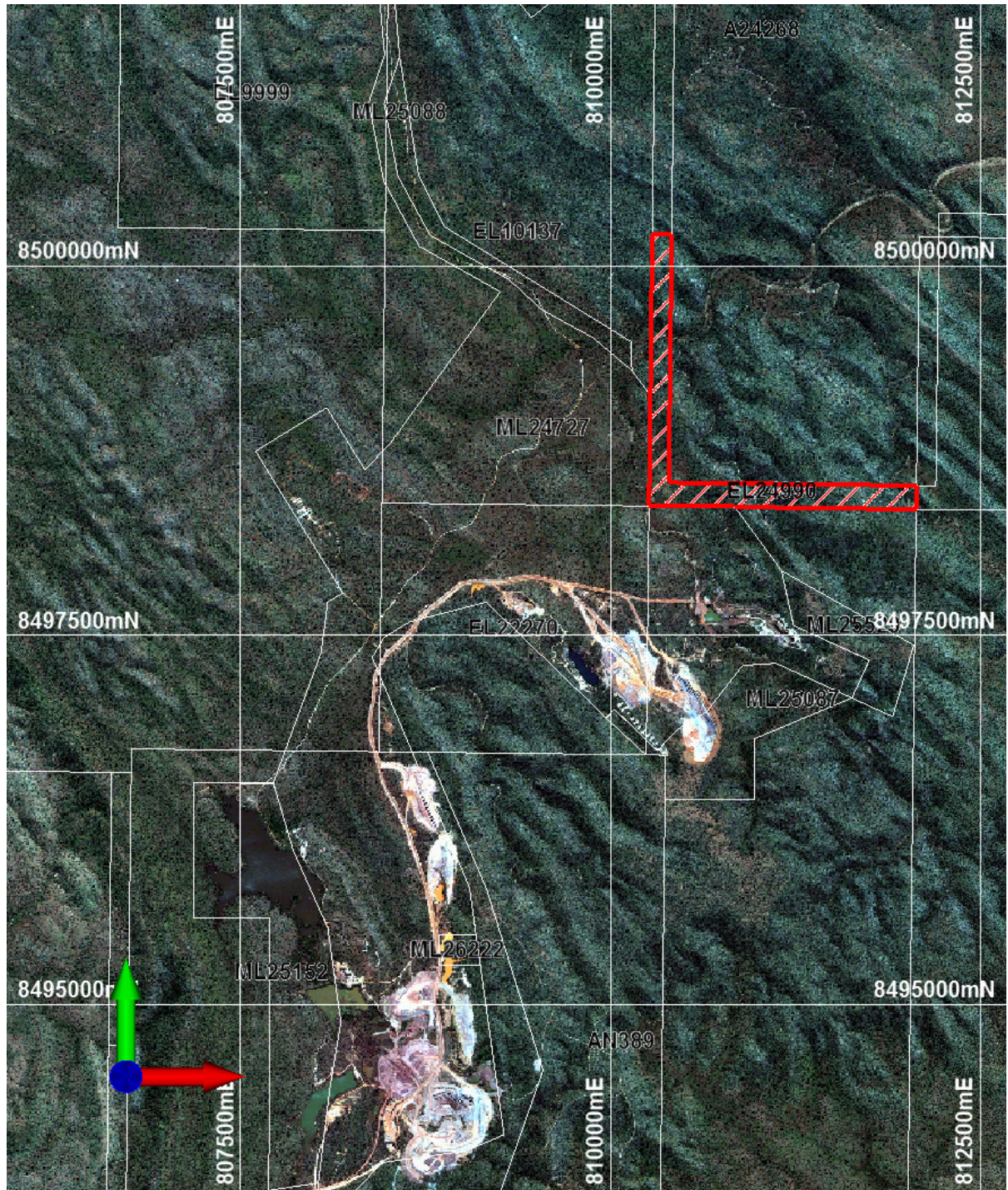


Figure 1 EL24990 Tenement Location

3. DISTRICT GEOLOGY & MINERALISATION

Palaeoproterozoic Wildman Siltstone and Mundogie Sandstone sediments of the Mt Partridge Group and Koolpin Formation rocks of the overlying South Alligator Groups, forming the west-dipping limb of a NNW trending antiform, are confined to the northern third of the Company's tenement holding in the Frances Creek area. Tenement EL24990 covers the eastern contact of the Wildman Formation (west) and the Mundogie Sandstone (east) – see Figure 2. The Koolpin Formation does not outcrop in the small Beryl tenement.

The Wildman Siltstone is the most widespread rock unit and comprises two informal sequences. The lower sequence consists of carbonaceous phyllite, ironstone, siltstone and phyllite, which at depth is reported to be pyritic and carbonaceous. The upper sequence consists of similar rock units, but also contains minor sandstone and rare dolerite. Ironstone, and hence the development of iron occurrences, is absent from this upper sequence.

The older Mundogie Sandstone, which underlies the Wildman Siltstone, is a sequence of coarse clastic sediments mainly comprising pebbly feldspathic conglomerate and arkose. Thin usually pyritic and haematitic interbeds of phyllite, carbonaceous phyllite and sandy siltstone are also present. Mundogie Sandstone crops out over small areas on the eastern edges of the tenement.

These sediments, volcanics and dolerite sills have been moderately to tightly folded about NNW trending axes into a series of synforms-antiforms with vertical dips or steep dips to either side of vertical. On a regional scale, these structures form an anticlinorium with a dominant westerly dip and variable plunge, within the tenement area.

Regional lower greenschist grade metamorphism accompanied the folding event during a major deformation period between 1870-1810 Ma.

Within the general Frances Creek tenure region held by the Company (with the exception of the Lewis and Boots deposits which occur in Koolpin Formation rocks), all known iron mineralisation occurs in the lower Wildman Siltstone as stratiform discontinuous lenses consisting of massive hematite with variable inclusions of quartz and siltstone. The main Beryl deposit is located south of EL24990 within ML24727 and the adjoining EL10137 tenement.

Ore deposition is thought to be structurally controlled, with thickening of ironstone horizons within minor fold axes. In the Koolpin Formation, band iron formation of the Middle Member forms at surface gossanous, haematite-limonite bodies which are reported by Ahmad et al (1993) to give way at depth to ferro-actinolite, Fe-rich chlorite, garnet, siderite, quartz, carbonates and sulphides. Minor iron occurrences north of Beryl are located within EL24990, but require more detailed reconnaissance geological mapping to determine whether “buried” structural controlled deposits exist. This will be examined further in the 2010-11 Reporting Year.

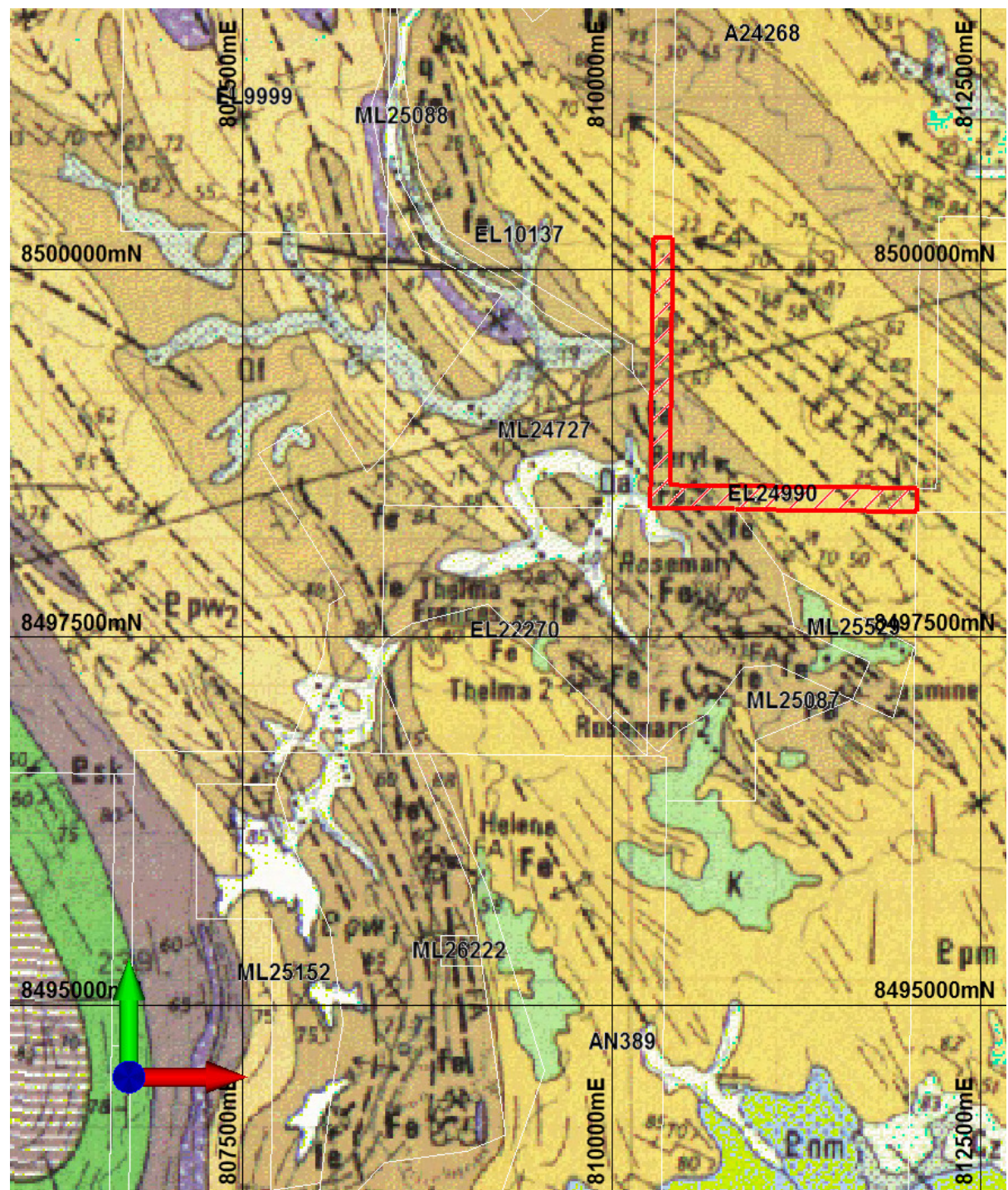


Figure 2 Tenement Geology EL24990

4. EXPLORATION ACTIVITIES – YEAR 4

The geology underlying EL24990 is similar to the rocks hosting iron ore mineralisation at the Frances Creek mining area and Ochre Hill. The tenement covers the northern extension of the Beryl deposit and far southern extension of the Ochre Hill deposit. As such, the strike continuation between these two prospective areas, which incorporates EL24990, is considered prospective.

Exploration activities during Year 4 included restricted geological and structural mapping along the northern strike length extension of Beryl into EL24990. The ground had only been mapped cursorily in 2008-09, but did provide targets for approximately 500 metres of reverse circulation drilling (see Figure 3). This drilling programme work will be completed in 2010-11.

Furthermore, a detailed geophysical review was completed during the 2008-09 reporting period for all data available for the Frances Creek tenure. Targets were ranked according to their spatial position relative to the present-day infrastructure and upon what data they have been generated from. This review covered the reportable tenement area, but only outlined lower priority targets and as such, they were not targeted during 2009-10, due to a slowdown in exploration activity at the Frances Creek Mine and a longer than usual wet season to contend with.

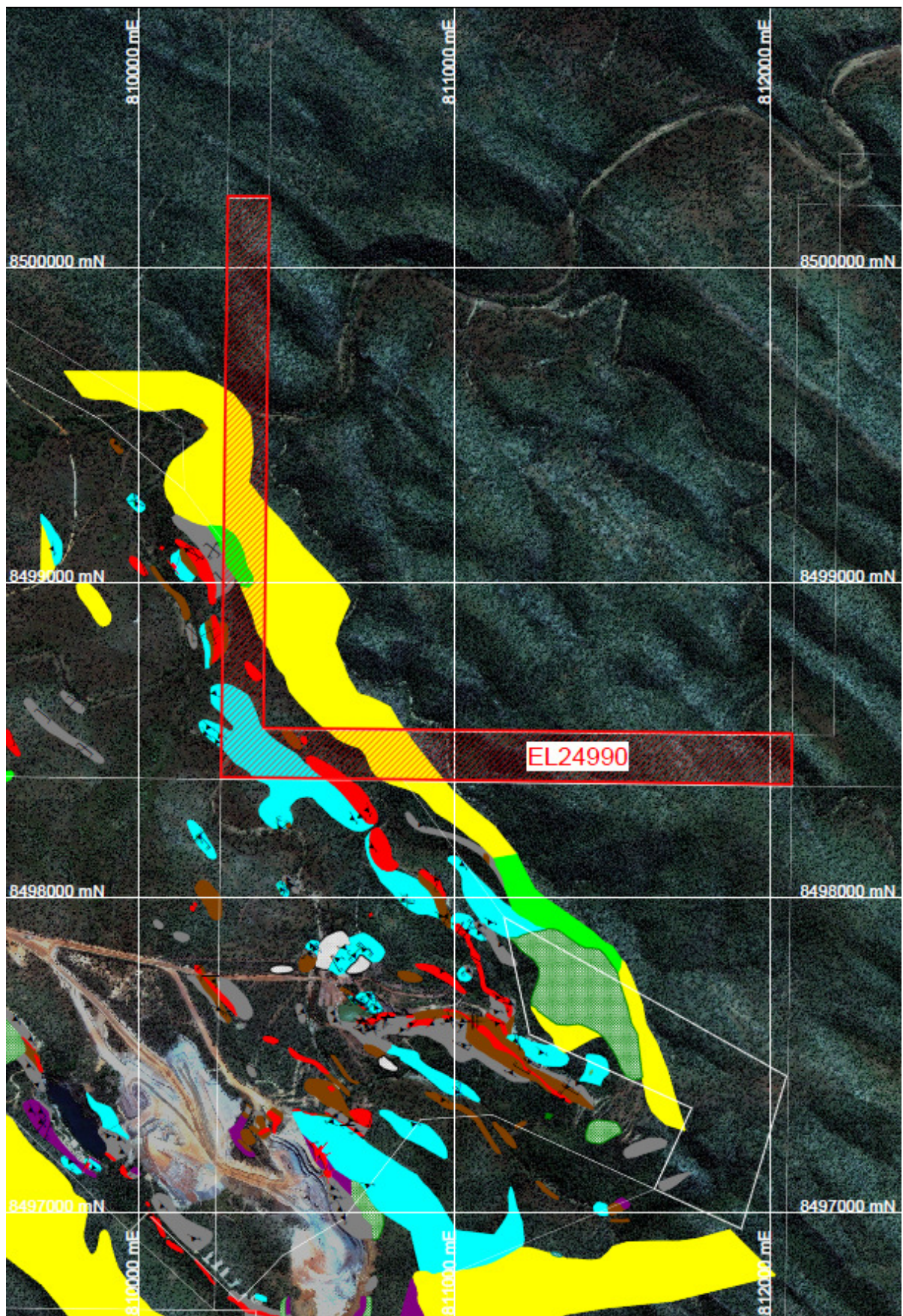


Figure 3 Mapping EL24990 (red shows mapped iron stone horizon)

5. PROPOSED EXPLORATION PROGRAMME –YEAR 5

Geological mapping during the 2008-09 and 2009-10 Reporting periods has defined northerly extensions to the Beryl deposit ironstone outcrop over a strike-length of approximately 1.5km, with portions of this discontinuous outcrop contained within EL24990. Proposed exploration activities for Year 5 include the drilling of approximately 500 metres of reverse circulation drilling to test the extent of this iron mineralisation at depth.

Approximate expected expenditure is in the order of \$30,000.

6. EXPENDITURE

Territory Iron's expenditure for the reporting year was \$1,500 and is detailed in the NT Exploration Expenditure sheet attached as Appendix 1 to this report.

APPENDIX 1 EXPENDITURE STATEMENT