

**THIRD ANNUAL REPORT
STRANGWAYS TENEMENT EL 30779**

**REPORTING PERIOD
22 OCTOBER 2017-21 OCTOBER 2018**

TERRITORY EXPLORATION PTY LTD

250K MAP SHEET ALCOOTA SF5310
 ALICE SPRINGS SF5314

100K MAP SHEET: BUSHY PARK 5652

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SUMMARY

In the preceding reporting period following the completion of a Skytem helicopter controlled geophysical survey, a strong conductor increasing with depth was pin pointed down dip from gossan mineralization at surface and significant copper assays recorded in a diamond drill hole at 45 meters depth below the gossan.

It was decided to drill the Skytem anomaly planning intersection depths at 100 vertical meters and 160 vertical meters depth below surface, with two RC drill holes. This would allow investigation into the top of the geophysical anomaly and should hopefully intersect below the level of oxidation allowing for preservation of any primary sulphide mineralization if present.

The old CRA track into the previous sites drilled in 1984 was graded by the owners of Bushy Park Station at the request of the undersigned. The track needed considerable upgrading to allow access for Bullion Drilling's large Schram Rig and support trucks and compressor booster. Sufficient equipment needed to be brought in to drill 300 meter holes if justified. Incidentally the same station owner , Sam Goldsworthy, cleared the initial track for CRA in 1984. On this occasion the Goldsworthy family were exceptional in their hospitality and were always on standby to assist.

Two holes were drilled and intersected target. RC1 intersected the mineralized shear zone at 100 m vertical depth. RC 2 intersected the mineralized shear zone at 160 m vertical depth. Sub economic values of base metals and anomalous gold were encountered with little evidence of sulphides. The host mineralization manifests itself as a limonitic clay filled shear zone. The surface expression of silicious limonitic gossan is therefore most likely a supergene enriched fault breccia which has been weakly mineralized by percolating ground waters and minor hydrothermal episodes related to some silica emplacement. RC2 was targeted slightly north of the outcrop to intersect the strongest projected zone of the SkyTem conductor.

Unfortunately the cause of the SkyTem anomaly is most likely high water flows within clays in the shear zone. The shear zone also explains the very poor core recoveries obtained by CRA in earlier diamond drilling.

Prospecting in the nose of the syncline north of the prospect showed numerous small lenses of ironstone including some massive magnetite lenses, which may be worth following up.

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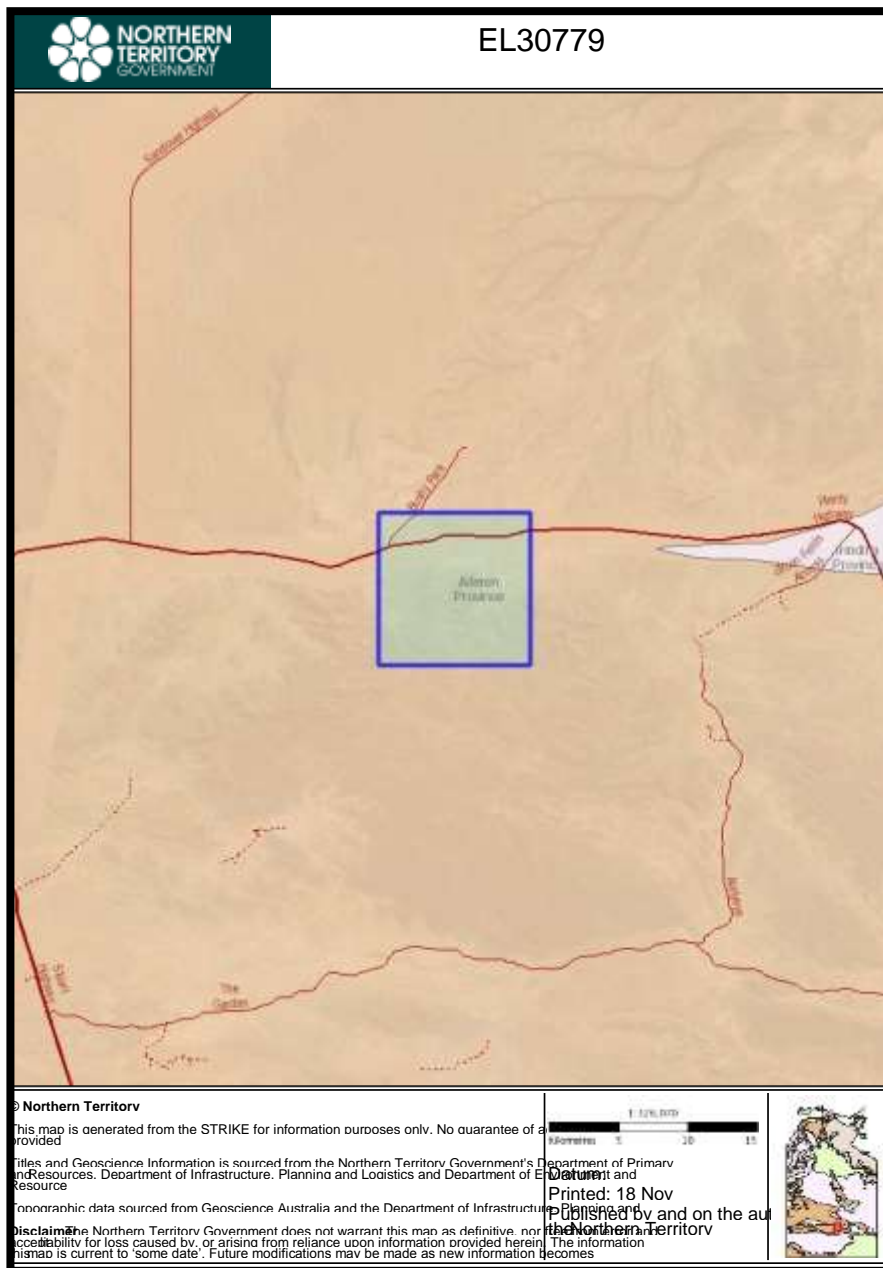
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1. TENURE DETAILS

Exploration License 30779 was applied for over 167 blocks on 25 February 2015. It formed part of an amalgamated reporting group GR388, with three other EL's subsequently applied for. All three other EL's in the amalgamated group have been surrendered and EL 30779 has now been reduced to 36 blocks covering 114 sq km surrounding Edward's Creek prospect effective 22/10/2018.

2. LOCATION AND ACCESS

Figure 1 below depicts the location of EL 30779 which is easily accessible via the Plenty Highway and some station tracks on Bushy Park Station. A graded road is now available to access the Edward's Creek prospect. Gem Tree Caravan Park some 25 Km further east on the Plenty Highway provides some accommodation facilities.



3. SUMMARY OF EXPLORATION

The main objective of the year under review was to gain access to the east side of the Edward's Creek Gossan and complete sufficient drilling to test the authenticity of a strong conductor related to the outcrops as determined by a geophysical survey during the previous period.

Clearances were carried out in the AAPA offices in Darwin and the local pastoralist prepared and graded old tracks and dozed two drill pads. Location of the pads was quite difficult with respect to the rugged and sometimes very rocky terrain.

Bullion Drilling Company established a camp on site in August and were able to complete two deep RC holes for 550 meters over a 3 day period. 21 samples from two intersections through a shear zone were forwarded to InterteK/Genalysis in Alice Springs for assays. Chip sample trays have been preserved and the drill sites then cleaned up and plastic bags removed after drilling completed.

Drill locations and sections relating to the two RC holes showing location and dip of shear zone are depicted below as Figures 2, 3 and 4. Locating drill collars was largely determined by rough terrain where a pad could be cleared.

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 Prepared by D. Miller

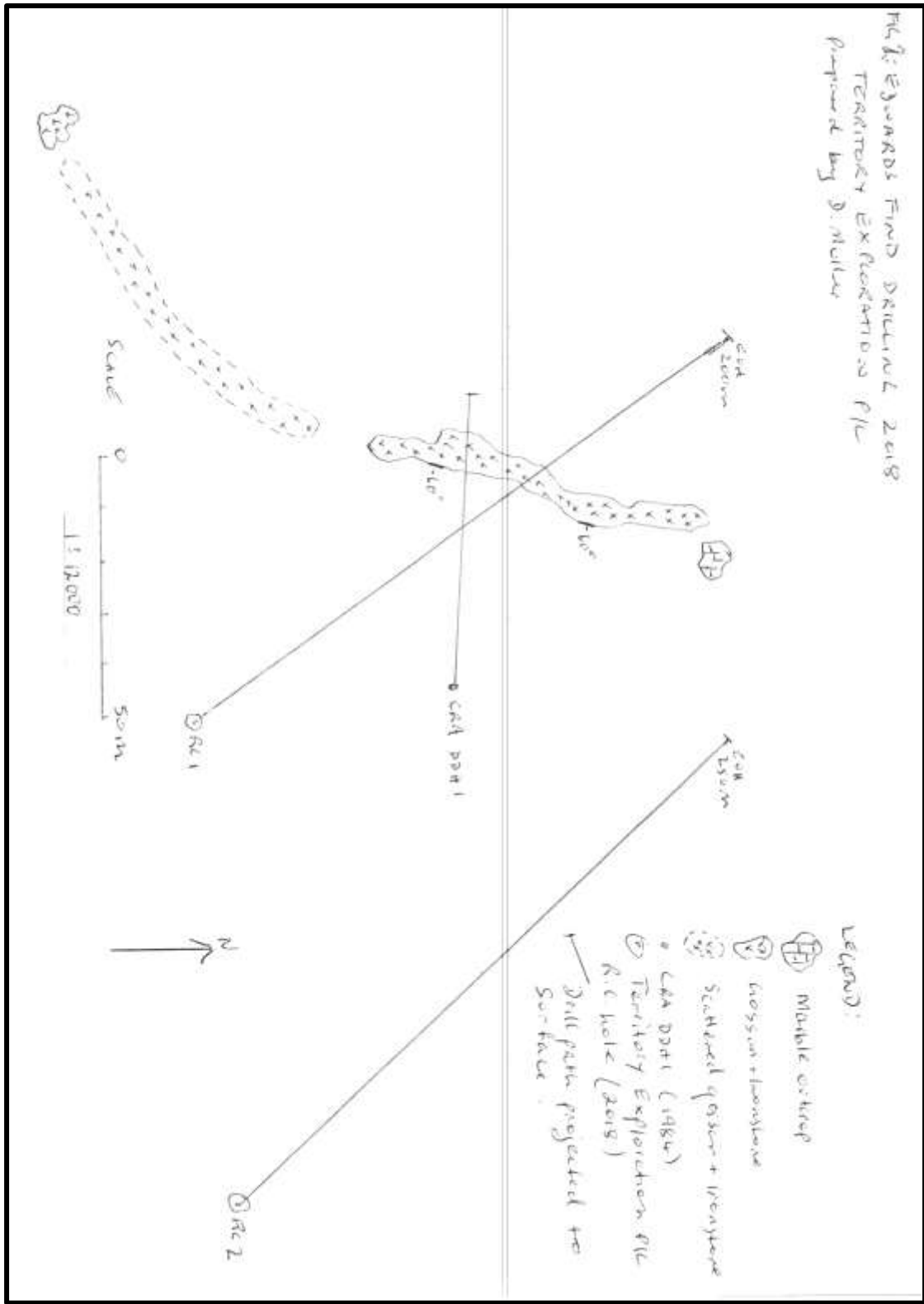


Figure 2 Edwards Find
 Drilling locations

FIGURE 3: RC 1 INTERSECTED SACAR ZONE AT 100M VERTICAL DEPTH

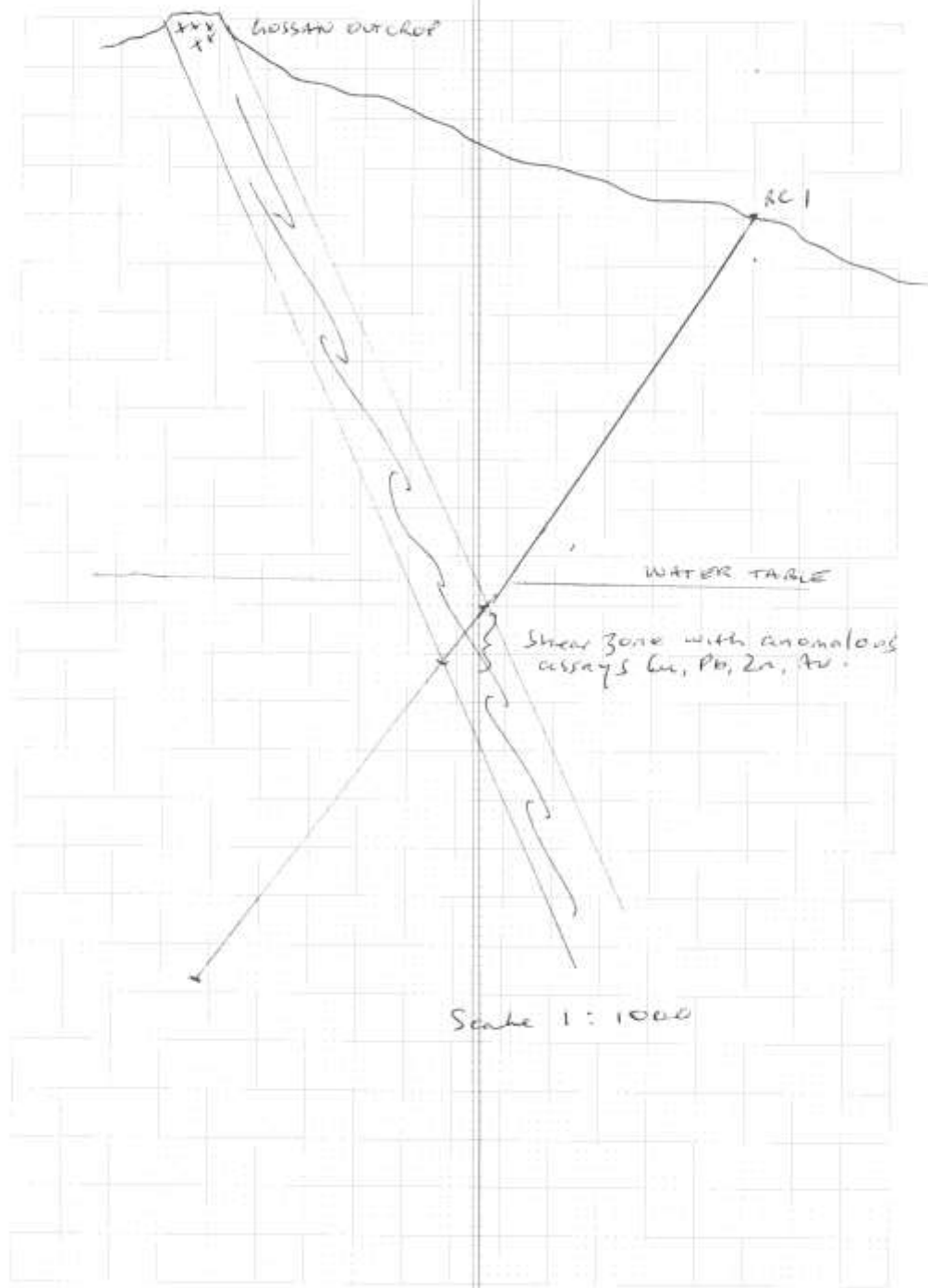


Figure 3
RC1 Intersections

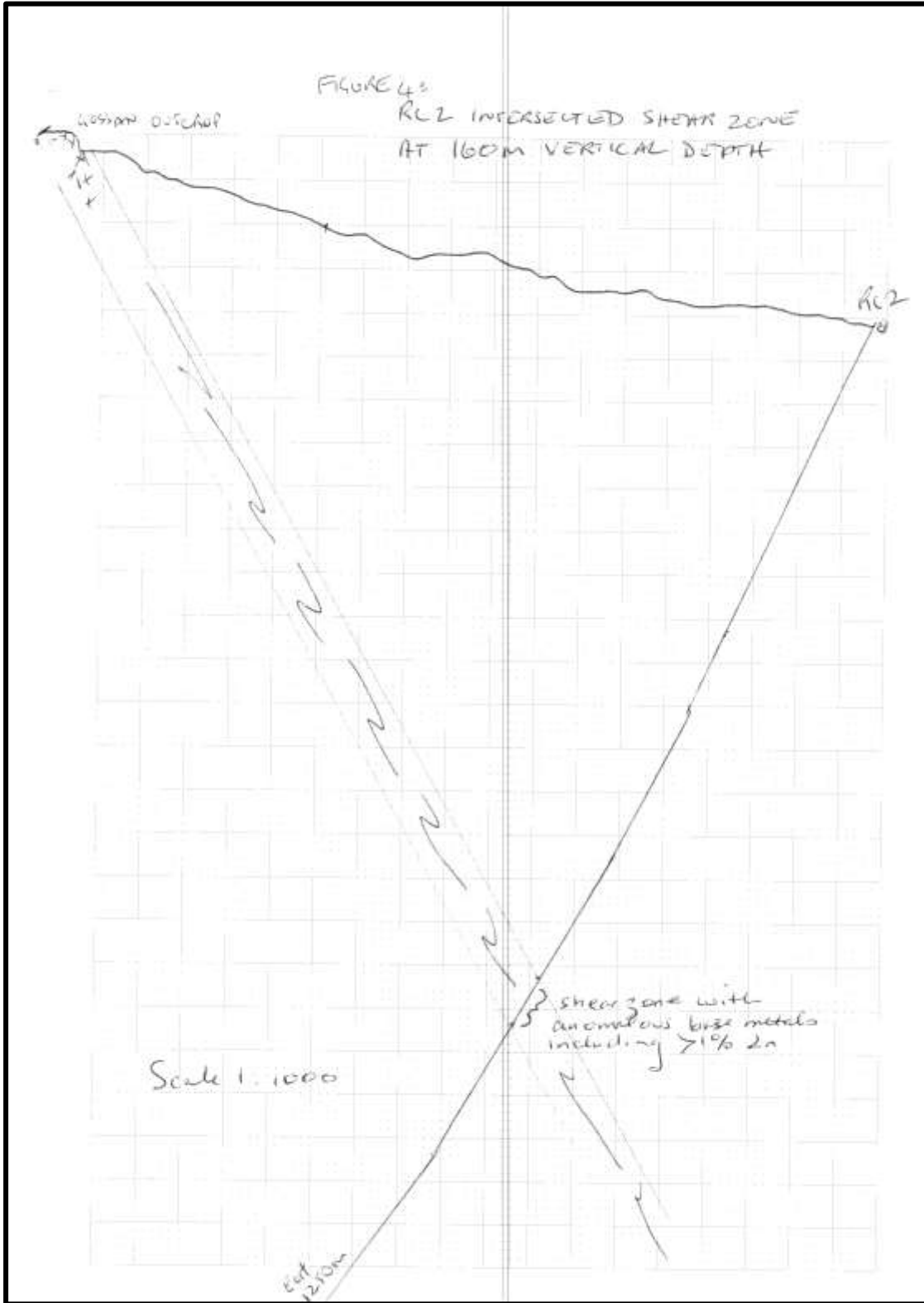


Figure 4
 RC4 Intersections

4. RESULTS OF EXPLORATION

DRILL LOGS WITH ASSAY INTERVALS ARE ATTACHED AS APPENDIX 1.

Approximate 10 meter intersections in both holes intersected limonitic, sometimes siliceous clays carrying anomalous values of copper, lead, zinc and gold. The shear zones were easily recognizable during the drilling process as the drilling rate would speed up 10 fold as the drill bit proceeded through the clay water zone in a few minutes, rather than 10 meters per hour in the garnetiferous wall rocks.

The results were obviously disappointing when measured against what might have been anticipated from the DDH 1 hole drilled by CRA (with up to 6% copper) and the spike in the SkyTem survey.

5. PLANNED EXPLORATION YEAR 4

Further geochemical work will be carried out in the nose of the Edward's Creek synclinal fold. Access will also be attempted to test other mineral occurrences within the retained blocks.

6. EXPENDITURE

Refer to AF17 lodged with DPIR in November 2018