

Quantum Rare Earth Prospect; Drilling Update - Pine Creek, Northern Territory



The next phase of drilling is progressing well at TUC's newly discovered Quantum Rare Earth (REE) prospect. Pre-collars have been completed and are ideally placed to confirm the geometry of the deposit and test for extensions to mineralisation. Diamond tails, currently proposed to commence in early 2011, will serve to enhance the economic and geological interpretations of the deposit.

An additional five pre-collars (920m) have been drilled at TUC's Quantum prospect, with six diamond tails currently anticipated (for 1800m), to test for various interpreted mineralised positions in the recently discovered multi-commodity system (See recent TUC ASX Announcement dated 26th October 2010). Drilling targets and goals are depicted on Figure 1.

Drilling is designed to:

- Add additional significant intersections;
- Confirm interpreted folded geometry of the mineralised system prior to planned step-out drilling (folded geometry presents an opportunity for thicker mineralised zones);
- Test for further interpreted mineralised positions (Figure 1 shows an additional target position based on new geological information from RC pre-collar drilling);

Diamond drilling is currently scheduled to commence in early 2011; weather and logistical arrangements permitting.

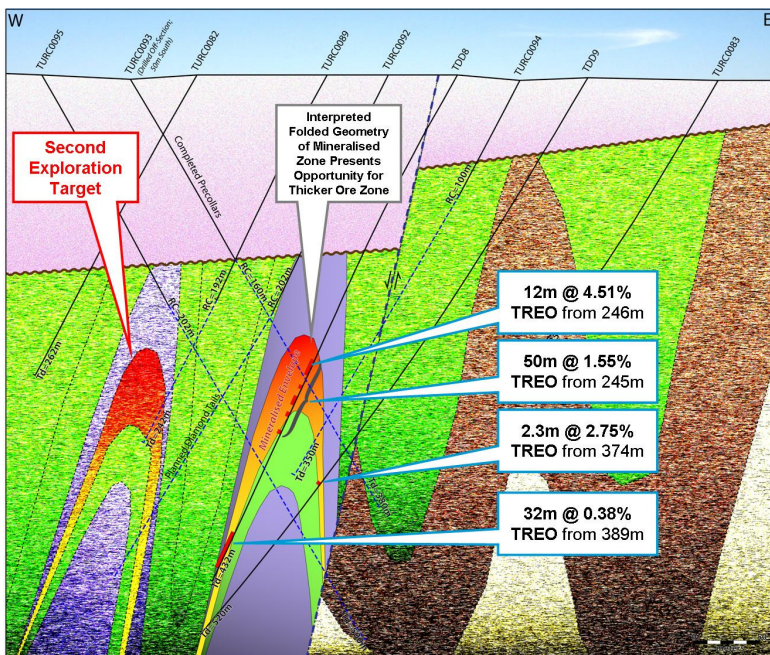


Figure 1: Schematic Cross Section, showing current geological model and target mineralised positions to be tested.

*Total REO's have been calculated by addition of REO values for Ce, Dy, Er, Eu, Gd, Ho, La, Lu, Nd, Pr, Sm, Tb, Tm, Yb, Y. REO values have been calculated from REE ppm grades after analysis by lithium metaborate fusion and ICPMS. The total REO is calculated as the sum of all REE as REE₂O₃, with the exception of Ce, Pr and Tb; which are calculated as CeO₂, Pr₂O₃, and Tb₂O₃ respectively, in accordance with geochemical conventions.

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Territory Uranium holds approximately 17,000km² of prospective land package across 40 (27 under application) tenements making it one of the biggest ground holders in the Northern Territory of Australia. Although the Company has a primary focus on uranium exploration the business holds nine consolidated project areas across several key geological and metallogenic terrains, affording it the opportunity to diversify exploration into other commodities.

The information in this report relates to exploration results compiled by Ian Bamborough, who is a Member of The Australian Institute of Geoscientists. Ian Bamborough is a fulltime employee of Territory Uranium. Ian Bamborough has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ian Bamborough consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ASX Code: TUC

ASX Announcement

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