Territory Uranium Company Limited

ABN 94 115 770 226

Annual Financial Report
30 June 2009

Territory Uranium Company Limited
ACN 115 770 226

CORPORATE DIRECTORY

Directors
Mr Peter Harold
Non-executive Chairman

Mr Ian Bamborough
Managing Director

Mr Ronald Stanley
Non-executive Director

Mr Peter Stanley
Non-executive Director

Mr Michael Britton
Non-executive Director

Company Secretary
Mr Graeme Boden
Telephone: (08) 9380 6261
Facsimile: (08) 9382 1766
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Website: www.territoryuranium.com.au

Auditors
PKF
Chartered Accountants & Business Advisers
Level 7, BGC Centre
28 The Esplanade
Perth WA 6000

Incorporated in Western Australia, August, 2005
Listed on the Australian Securities Exchange (ASX)
Home Exchange: Perth
Code: TUC ordinary shares
TUCO listed options (exp 30/6/2010)

DIRECTORS' REPORT

The directors present the following report for the year ended 30 June, 2009.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows:

Peter Harold - Non-Executive Chairman (appointed on 1 March, 2007) - Age 46
Mr Harold is a process engineer with over 17 years corporate experience in the minerals industry specialising in financing, marketing, business development and general corporate activities. He has extensive experience with the development and operation of resource projects having been the Managing Director of Panoramic Resources Ltd (formerly Sally Malay Mining Ltd) since May 2001 and previously responsible for metals marketing and various corporate functions relating to the Cawse nickel laterite project and the Silver Swan and Mt Keith nickel sulphide projects. Peter is a director of ASX listed company Panoramic Resources Limited and a non-executive chairman of ASX listed Alloy Resources Limited.

Ian Bamborough - Managing Director (appointed on 21 September, 2007) - 37
Mr Bamborough has over 13 years mining industry experience in various geological leadership roles and was the Principal Exploration Geologist at Newmont's Tanami Operations in the Northern Territory and the Jundee Operations in Western Australia. Mr Bamborough has also worked in a multidisciplinary corporate advisory team with Newmont Mining Corporation in the US providing consultations multi-commodity Exploration Business Development, M & A activities and operational support and audit initiatives.

Ronald Stanley – Non-Executive Director (appointed on 15 August, 2005) - Age 72
Mr Stanley has forty five years experience in mining exploration and mine feasibility and over twenty five years experience in the Northern Territory. He owned and operated a highly successful drilling company for thirty three years.
Ron was a founding Director of Sipa Resources International Ltd a public listed mining company on the Australian Securities Exchange and remained a Director for over a decade. For a number of years Ron was Chairman of Mt Grace Gold Mining Ltd, also a public listed company on the Australian Securities Exchange. He is currently Chairman of several private companies involved in mining investments and property development.

Peter Stanley - Non-Executive Director (appointed on 31 October, 2006) - Age 51
Peter has broad management and business experience gained during senior management positions held in Berkeley Group, a national building services company and as Managing Director of Westlaw Securities Pty Ltd. Peter is also a director of Stanley Resources Pty Ltd with involvement in property development and mining investments.

Michael Britton - Non-Executive Director (appointed on 31 October, 2006) - Age 36
Michael holds a Bachelor of Commerce degree and is a Professional National Accountant with the National Institute of Accountants. He has 12 years experience in accounting and finance and for the last 5 years has acted in the capacity of a principal of an accounting firm. Michael spent 2 years working in London in investment banking for Banque National de Paris and Schroder Investment Management.

COMPANY SECRETARY

Graeme Boden - Age 60, was appointed secretary on 11 December 2006 and held office at 30 June 2009. Graeme is an experienced business executive with more than 20 years in senior corporate or financial roles, particularly in the planning & evaluation function of the resources industry and in the finance & administration function of a range of industries. He has over 15 years experience as a Director or Secretary of ASX listed companies.

DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director while they were a director was as follows:

	Number of meetings held whilst a director	Number of meetings attended
Peter Harold	7	5
Ian Bamborough	7	7
Ronald Stanley	7	7
Peter Stanley	7	6
Michael Britton	7	7

DIRECTORS' INTERESTS

Interests in the shares and options of the Company as at the date of this report:

	Ordinary Shares	Listed 30/6/2010 $0.70 Options	Employee Options
Peter Harold	5,000,000	0	0
Ian Bamborough	10,000	0	4,000,000
Ronald Stanley	13,075,000	4,350,001	0
Peter Stanley	1,275,000	400,002	0
Michael Britton	425,000	141,667	0

DIVIDENDS

No dividends have been paid or declared by the Company since the incorporation of the Company

PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial year was the exploration and evaluation of uranium, nickel, base metals and gold mineral interests.

There were no significant changes in the nature of activities during the year.

OPERATING AND FINANCIAL REVIEW

Overview

The Company was incorporated on 15 August, 2005 for the primary purpose of acquiring prospective mineral exploration licences in the Northern Territory. Territory Uranium has successfully acquired a diverse portfolio of tenements which it believes are prospective for uranium, nickel, gold and base metals.

Operating Results for the Year

The net loss for the year ended 30 June, 2009 was a loss of $1,979,544 (2008: loss $1,054,361). The major items of expenditure were an impairment charge taken across a number of tenements totalling $936,527 and employee expenses totalling $693,393. A further $807,162 (2008: $795,824) was capitalised as exploration and evaluation expenditure in accordance with the relevant accounting standards.

Financial Position

During the year no shares were issued on exercise of options.

Cash and assets utilised by the Company for the year ended 30 June, 2009 are consistent with the Company's business objectives since listing on the ASX on 26 April, 2007.

Cash in bank at the end of the year was $597,910.

Exploration Activities

A detailed review of the Company’s activities is contained in the Review of Operations section of this Annual Report. The following is a summary of exploration strategy, projects and activities during the year.

Territory Uranium currently holds approximately 22,000km^2 of prospective land package across 39 (18 granted and 21 under application) tenements. The business holds consolidated project areas across several key geological terrains (Figure 1).

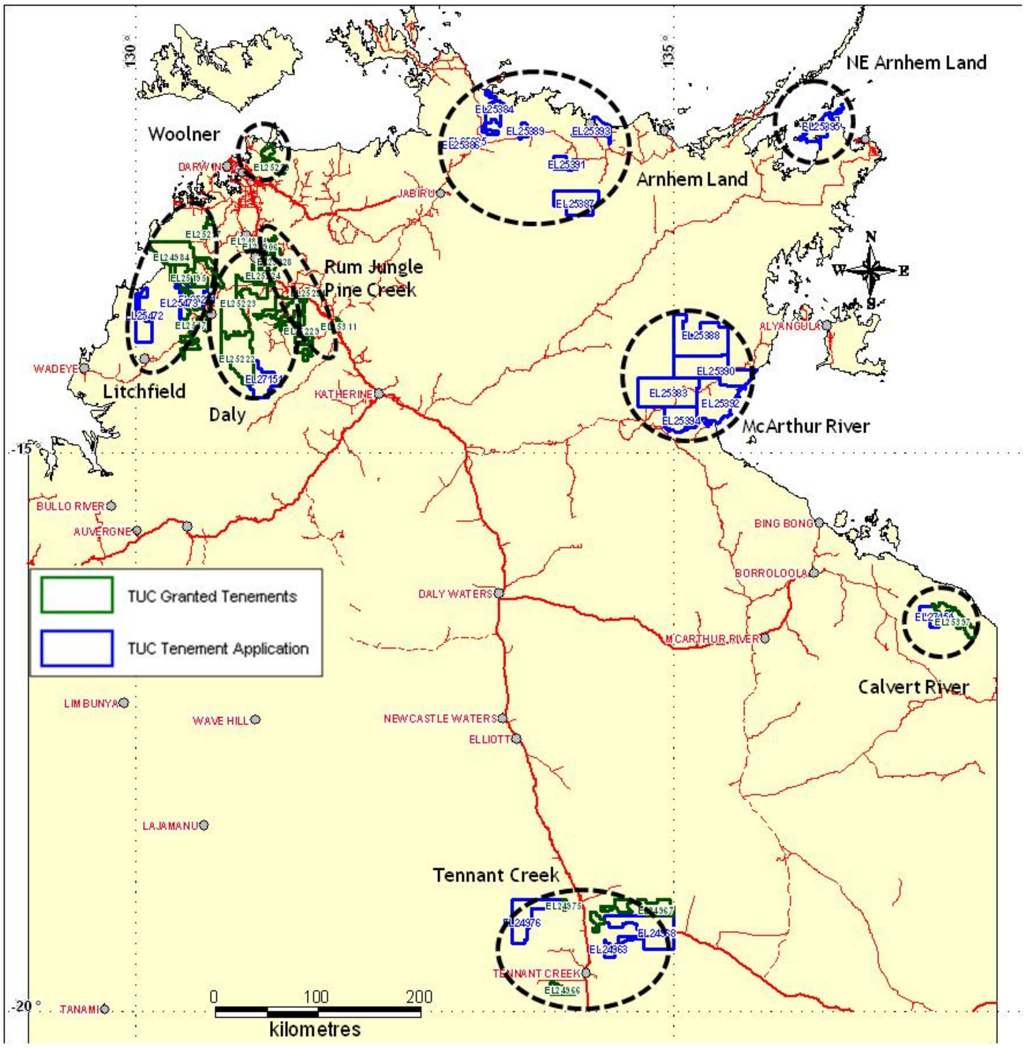

Figure 1 Territory Uranium Tenement Locations & Project Areas

Since June 2008 the company has continued to build its focus on its core uranium tenements, with continuing encouraging results. The current status of these projects, and the proposed work programme for the next financial year, is as follows.

- The identification of significant uranium mineralization at the Daly River Energy prospect (rock chips up to 1.5kg/t (1,500ppm) U_3O_8) represents an important step hopefully towards the discovery of a significant unconformity-related uranium deposit. Road and track restoration has commenced to allow suitable access for drill rigs and heavier equipment.
- The Company has been awarded a grant of $100,000 through the Northern Territory Government's 'Bringing Forward Discovery' initiative and 'Drilling Collaborations' program to aid in planned drilling activities at our Daly River Green prospect after geochemical and geophysical survey work undertaken throughout the year revealed an important uranium target. This program is scheduled to commence after the completion of infill geochemical and ground radiometric programs currently in progress.
- New exploration, such as our recent Pine Creek radiometric survey and geochemical and ground radiometric programs at a number of our Daly River uranium prospects continues to ensure that a pipeline of prospects is maintained behind our more drill ready targets.

Whilst aggressively exploring our uranium ground holdings, since listing we have also chose to make an early and succinct assessment of potential across our entire portfolio. This has allowed the Company to employ an effective long term strategy to use its cash resources and land position to best advantage. As a result of this process the following agreements were struck during the first half of 2009:

- An isolated tenement, prospective for bauxite, was farmed out to Rio Tinto Exploration Pty Limited for expenditure commitments and an option to purchase.
- The Bluebush copper gold project was joint ventured to Panoramic Resources for $0.5 million expenditure to test defined targets and the right to earn up to 80% of the project by spending a further $8.5 million. Territory Uranium will continue to manage this project with drilling planned to commence in October this year and maintains the right to participate as an equity partner after Panoramic have earned 60%. Ground gravity work completed by Territory Uranium during the year revealed a number of promising targets that will benefit from the major investment offered by the partnership.

Other major projects which the Company has retained, and which are considered to have superior prospectivity, are:

- The Woolner uranium project where it is hoped that a recently published Geoscience Australia electro magnetic survey will provide further evidence towards an analogy of the Rum Jungle uranium field.
- The Calvert River base metals project where encouraging early stage work including a hyper-spectral scanning survey identified a number of base metal and gold geochemical anomalous pipe like features.

Through the constant and quality application of the exploration process and corporate arrangements, Territory Uranium is now ideally placed to gain leverage from its work to date and its large prospective land position. We continue our efforts towards our ultimate goal of finding and developing an operating mine.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years, other than:

- 8,750,000 ordinary shares were issued fully paid at $0.08 per share through a placement to raise $700,000.
- Agreement was made to place a further 6,500,000 ordinary shares at $0.08 per share fully paid, subject to shareholder approval, to raise $520,000.
- Implementation of a Shareholder Share Purchase Plan to issue up to 15,625,000 shares at $0.08 to raise up to $1,250,000. The SSPP closed on 16 September 2009 with subscriptions received for $2,161,000. Directors resolved to accept an additional $362,500 to bring the total allotment under the SPP to the maximum allowable amount of $1,612,500.
- An extraordinary General Meeting was held on 21 September 2009, which
    - Ratified the issue of 8,750,000 shares
    - Approved the placement of 6,500,000 shares
- Exploration tenements which were considered to be non-core and, possibly, dilutive to focus, were sold for $600,000 to Chinese company Anhui with documentation executed 10th September, 2009. The agreement is still subject to Foreign Investment Review Board (FIRB) approval.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue its exploration activities at and around its current exploration projects in Northern Territory with the object of identifying commercial resources.

ENVIRONMENTAL REGULATION

The exploration activities of the Company are subject to environmental regulations imposed by various regulatory authorities, particularly those relating to ground disturbance and the protection of rare and endangered flora and fauna. The Company has complied with all material environmental requirements up to the date of this report. The directors believe that the Company has adequate systems in place for the management of its environmental responsibilities and are not aware of any breaches of the regulations during the period covered by this report.

OPTIONS

As at the date of this report, there were 18,094,792 issued ordinary shares under option.

Grant Date	Date of Expiry	Exercise Price $	Number under option
23/08/2007	30/06/2010	0.70	13,744,792
10/12/2007	30/06/2012	0.40	500,000
10/12/2007	30/06/2012	0.48	500,000
10/12/2007	30/06/2012	0.56	500,000
10/12/2007	30/06/2012	0.64	500,000
05/09/2008	30/06/2011	0.15	350,000
25/11/2008	30/06/2012	0.15	1,000,000
25/11/2008	30/06/2012	0.20	500,000
25/11/2008	30/06/2012	0.25	500,000
			18,094,792

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

No shares have been issued during or since the end of the year as a result of the exercise of options.

No options lapsed or were cancelled during the year or to the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company has paid premiums to insure the Directors against liabilities incurred in the conduct of the business of the Company and has provided right of access to Company records. In accordance with common commercial practice, the insurance policy prohibits disclosure of the amount of the premium and the nature of the liability insured against.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors, secretaries and senior managers of Territory Uranium Company Limited (the "Company").

Remuneration levels for directors and executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and individual's experience and qualifications.

In accordance with best practice corporate governance the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration
The Board has aggregated remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre whilst incurring a cost which is acceptable to the shareholders.

Each of the non-executive directors receives a fixed fee for their services as directors. There is no direct link between remuneration paid to any of the directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was on 4 December, 2006 when shareholders approved an aggregate remuneration of $200,000 per year. Non-executive directors' base fees are presently $35,000 per annum and the non-executive chairman receives $50,000 per annum. The Company also pays superannuation contributions at the statutory rate, or an amount in lieu, in addition to these amounts.

Since 1 January, 2009 the non-executive directors have not been paid fees for their services. It is expected that this will resume in October 2009.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Executive remuneration
Executives receive a fixed remuneration set to provide a base level commensurate with their position and responsibilities within the Company and so as to align the interests of executives with those of shareholders and ensure total remuneration is competitive by market standards. The Managing Director's employment contract provides that an annual bonus payment will be considered on the basis of achievement of certain key performance indicators, which had not been set at the date of this report.

In addition, executives are entitled to participate in equity-based remuneration plans to recognise ability and effort, provide incentive to improve Company performance, attract appropriate persons and promote loyalty. In the case of executive directors, this participation is subject to shareholder approval.

Remuneration levels are reviewed annually by the Remuneration Committee by reviewing Company performance, personal performance, market trends, industry comparisons, employment market conditions and, where appropriate, external advice.

Details of remuneration for the year ended 30 June, 2009

Details of the nature and amount of each major element of remuneration of each Key Management Personnel of the Company are:

		Short term employee benefits		Post Employment Benefits	Share Based Payments			
	Year	Directors Salary or Fees $	Fees from other services provided to the Company $	Superannuation $	Value of Options $	Total $	Proportion of Remuneration performance related %	Value Option proporti remune %
Directors								
Non-executive								
Mr P Harold	2009	31,045	-	750	-	31,795	-	
	2008	49,958	-	-	-	49,958	-	
Mr R Stanley	2009	19,077	16,675	-	-	35,752	-	
	2008	140,075	-	-	-	140,075	-	
Mr P Stanley	2009	17,502	-	1,575	-	19,077	-	
	2008	35,004	-	3,150	-	38,154	-	
Mr M Britton	2009	17,502	32,699	1,575	-	51,776	-	
	2008	35,004	36,287	3,150	-	74,441	-	
Secretary								
Mr G Boden	2009	-	31,228	-	-	31,228	-	
	2008	-	26,887	-	-	26,887	-	
Executive								
Mr I Bamborough	2009	189,206	-	17,028	123,614	329,848	-	
	2008	153,354	-	13,943	90,332	257,629	-	
Total Key Management Personnel	**2009**	**274,332**	**80,602**	**20,928**	**123,614**	**499,476**	**-**	
	2008	413,395	63,174	20,243	90,332	587,144	-	

Options

Options were granted to Mr Ian Bamborough as follows:

- 500,000 options with a fair value of $0.0307 each were granted over ordinary shares with an exercise price of $0.15 each, vesting 25 November, 2008 and expiring 30 June 2012;
- 500,000 options with a fair value of $0.0307 each were granted over ordinary shares with an exercise price of $0.15 each, vesting 15 August, 2009 and expiring 30 June 2012;
- 500,000 options with a fair value of $0.0274 each were granted over ordinary shares with an exercise price of $0.20 each, vesting 15 August, 2010 and expiring 30 June 2012; and
- 500,000 options with a fair value of $0.0249 each were granted over ordinary shares with an exercise price of $0.25 each, vesting 15 August, 2011 and expiring 30 June 2012.

No options, granted as part of a remuneration package, lapsed during the financial year ending 30th June, 2009.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Territory Uranium Company Limited support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the following section.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

PKF Chartered Accountants did not provide any non-audit services to the Company during the year ended 30th June, 2009.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 12 and forms part of the Directors Report for the year ended 30 June, 2009.

Signed at Perth this 25th day of September, 2009 in accordance with a resolution of the directors.

I Bamborough
Managing Director

PKF

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Territory Uranium Company Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF
Chartered Accountants

C Manifis

Conley Manifis
Partner

Dated at Perth, Western Australia on this 25th day of September 2009.

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CORPORATE GOVERNANCE STATEMENT

Introduction
The ASX Corporate Governance Council issued a revised version of its Corporate Governance Principles and Recommendations which are to apply for reporting periods commencing after 1 January 2008. Territory Uranium Company Limited elected to adopt reporting in accordance with the revised Principles and Recommendations for the previous reporting period.

Commensurate with the spirit of the ASX Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Principles and Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The following additional information about the Company's corporate governance practices is set out on the Company's website at www.territoryuranium.com.au

(a) statement of Board and management functions;
(b) statement of policy and procedure for selection and appointment of new directors;
(c) statement of code of conduct for directors and key executives;
(d) code of conduct for the Company;
(e) statement of policy on securities trading;
(f) policy and procedure for selection of external auditor and rotation of audit engagement partners;
(g) statement of policy and procedures for compliance with continuous disclosure requirements;
(h) summary of arrangements regarding communication with and participation of shareholders;

Explanations for departures from best practice recommendations

Principle 1: Lay solid foundations for management and oversight

There were no material departures from the recommendation in respect of Principle 1.

A formal performance evaluation was undertaken during the 2009 year for the Company’s employees (excluding a formal performance evaluation on the Managing Director). The process for employees was a written evaluation based on previously agreed performance indicators, reviewed with employees and reset on a 6 monthly basis. The Managing Director’s performance was reviewed in discussion with the Chairman. A formal process will be instituted for the 2010 year.

Principle 2: Structure the board to add value.
Recommendation 2.1 is that a majority of the board should be independent directors.

The board is presently comprised of five directors, of whom only Mr Peter Stanley does not have a relationship with the Company which would lead to him being defined as independent. Mr Harold and Mr Ron Stanley are both substantial shareholders. Mr Bamborough is an executive and Mr M Britton, although a non-executive director, provides contractual services as the Company’s chief financial officer.

The board has reviewed its composition and considers that relationships which define four of the directors as non- independent have been, and continue to be, of benefit to the Company. It is not considered that the relationship of non- independent directors affects their capacity to bring independent judgement to bear on board decisions.

Recommendation 2.2 is that the chair should be an independent director.

As mentioned above, Mr Harold is a substantial shareholder in the Company. The board does not consider that this is an impediment to Mr Harold making decisions in the interests of all shareholders as their interests should be closely aligned.

Recommendation 2.3 is that the Chairman and CEO should not be the same person.

Mr Ian Bamborough is the CEO.

Recommendation 2.4 is that the board should establish a nomination committee:

The full board sits as the nomination committee when that is required. The board did not meet in this capacity during the year.

Recommendation 2.5 is that companies should disclose the process for evaluating the performance of the board, its committees and the individual directors.

The evaluation process which is used to evaluate the performance of the board is an internal self-assessment based on a questionnaire and an analysis of answers with round table discussions. All members of the Board participated in the assessment. The performance of committees in isolation or of individual directors has not been undertaken to date and is not proposed. The need for committees is minimal at the Company's present level of operations and the board does not consider that there is a useful basis for evaluation or merit in the process.

A performance evaluation of the board was conducted during the 2009 year, using the process described above.

Principle 3: Promote ethical and responsible decision making.

There are no material departures from the guidelines in respect of Principle 3.

The Company has established a corporate code of conduct, which sets out the principles covering appropriate conduct in a variety on contexts and outlines the minimum standard of behaviour expected from employees.

The Corporate Code of Conduct is available on the Company's website.

Principle 4: Safeguard integrity in financial reporting.

Recommendation 4.2 is that the audit committee consist of a least three members, all non-executive with a majority of independent members and an independent chair.

Mr P Stanley is the independent chair and Mr Harold the member of the audit committee and Mr Harold has a relationship which defines him as being non-independent, as he is a substantial shareholder. The board considers that the membership of the audit committee is the most appropriate which can be made from the present membership of the board. The board considers that the expertise of the present audit committee enables it to fulfil its charter and does not consider the appointment of further or different directors to be desirable merely to change the composition of the audit committee.

The audit committee met once during the 2009 financial year.

The Company has an audit committee charter, which is published on the Company's website.

The Company's external auditors rotate the audit engagement partner every five years.

Principle 5: Make timely and balanced disclosures.

There were no material departures from the recommendation in respect of Principle 5.

The Company has written policies to ensure compliance with disclosures required under the ASX Listing Rules. The Company Secretary is responsible for compliance.

The continuous disclosure policy is available on the Company's website

Principle 6: Respect the rights of shareholders.

There were no material departures from the recommendation in respect of Principle 6.

The Company has designed a communications policy for promoting effective communication with shareholders. The policy is available on the Company's website.

Principle 7: Recognise and manage risk.

There were no material departures from the recommendation in respect of Principle 7.

The entity has established policies for the oversight of material business risks and the full board is engaged in the management of those risks when the need arises. The terms of the risk management policies are disclosed on the Company's website. The categories of risk which are reported in this annual report are material business risks and financial risk.

The board has required management to prepare a risk identification register, which has been reviewed on a regular basis by the board.

The board has received assurance from the CEO and CFO that the S 295A declaration is founded on a sound system of financial risk management and internal control and the system is operating effectively in all material respects in relation to financial risks.

Principle 8: Remunerate fairly and responsibly.

There were no material departures from the recommendation in respect of Principle 8, other than the non-executive directors taking no fees whilst the Company is in cash conservation mode. The Managing Director also took a temporary 12.5% pay cut with respect to cash conservation.

The structure of remuneration of executive and non-executive directors is set out in the Remuneration Report on the pages which follow. A charter of the remuneration committee is available on the Company's website.

Reccomendation 8.1 is that the board should establish a remuneration committee.

The whole board sits as the remuneration committee when that is required and met once in this capacity during the 2009 financial year.

The Board as a whole considers the CEO's remuneration and the allocation of the payment of fees to individual directors from the aggregate amount approved by shareholders.

Skills, experience, expertise and term of office of each director

A profile of each director containing the applicable information is set out at the beginning of this Directors Report. The Managing Director is not required by the Company's constitution to be elected by shareholders. His contract of employment is for four years, ending September 2011, with a further three year term at the Company's election. All other directors have a term of no more than three years and were all elected during 2007. A rotation schedule was established, commencing with the 2007 annual general meeting.

Identification of independent directors

There is currently only one director who complies with the guideline definitions for independent directors. The Board will consider its composition periodically, including the objective to increase independence.

Statement concerning availability of independent professional advice

If a director considers it necessary to obtain independent professional advice to properly discharge his responsibility as a director then, provided the director first obtains approval for incurring such expense from the chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Company's remuneration policies

The non-executive directors of the Company receive director's fees.
The managing director receives a fixed salary, reimbursement of expenses and a bonus. The bonus comprises a cash payment on achievement of certain milestones.
The managing director's remuneration package contains the following benefits:

1. Term A period of four years commencing on 21 September 2007 with an option to extend the term for an additional period of three years by mutual agreement.

2. Package Gross salary of $200,000 per annum inclusive of statutory superannuation contributions, plus a bonus based on the achievement of key performance indicators agreed with the Board.

3. Options Approval was granted at the 2007 annual general meeting for the allotment of 2,000,000 options to Mr Bamborough, vesting over three years from engagement and exercisable at premiums of between 25% and 100% of the price calculated at time of engagement.

Approval was granted at the 2008 annual general meeting for the allotment of 2,000,000 options to Mr. Bamborough, vesting over three years from grant and exercisable at prices of $0.15 to $0.25 per share.

Existence and terms of any schemes for retirement benefits for non-executive directors
There are no termination and retirement benefits for non-executive directors.

Income Statement

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	*2009* $	*2008* $
Revenue			
Interest received	3(a)	82,986	235,303
		82,986	235,303
Expenses			
Accounting & Audit costs		56,477	81,265
ASX & Share Registry expenses		28,220	51,292
Depreciation and amortisation expense	3(b)	34,355	25,245
Consultants Fees		58,460	205,255
Travel & Accommodation		16,712	44,556
Employee expenses	3(c)	693,393	592,600
Rent		40,132	50,286
Company Secretarial Services		31,227	26,887
Impairment of Exploration & Evaluation expenditure		936,527	12,197
Exploration & Evaluation expenditure		39,355	-
Other expenses from operating activities		127,672	200,081
Profit/(Loss) before income tax		(1,979,544)	(1,054,361)
Income tax expense	4	-	-
Net Profit/(Loss) for the period		(1,979,544)	(1,054,361)
Earnings per share (cents per share)	5		
- basic for profit for the year		-3.4	-1.8
- diluted for profit for the year		-3.4	-1.8
- dividends paid per share	6	0	0

The accompanying notes form part of these financial statements.

Balance Sheet

AS AT 30 JUNE 2009

	Notes	2009 $	2008 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	597,910	2,336,428
Trade and other receivables	8	10,662	22,092
Prepayments		16,332	-
Total Current Assets		624,904	2,358,520
Non-Current Assets			
Exploration and Evaluation Expenditure	9	921,373	1,050,738
Property, plant and equipment	10	196,256	195,024
Total Non-current assets		1,117,629	1,245,762
TOTAL ASSETS		1,742,533	3,604,282
LIABILITIES			
Current Liabilities			
Trade and other payables	12	138,240	154,255
Total Current Liabilities		138,240	154,255
TOTAL LIABILITIES		138,240	154,255
NET ASSETS		1,604,293	3,450,027
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	13	4,701,447	4,701,447
Option reserve		360,000	226,191
Accumulated losses		(3,457,154)	(1,477,611)
TOTAL EQUITY		1,604,293	3,450,027

The accompanying notes form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	*2009* *$*	*2008* *$*
Cash flows from operating activities			
Interest received		89,129	227,229
Payments to suppliers and employees		(984,898)	(1,075,784)
Net cash flows from/(used in) operating activities	7	(895,769)	(848,555)
Cash flows from investing activities			
(Payment)/Redemption of other financial assets		-	2,500,000
Purchase of property, plant and equipment		(35,587)	(175,604)
Capitalised Exploration & Evaluation Expenditure		(807,162)	(795,823)
Net cash flows from/(used in) investing activities		(842,749)	(1,528,573)
Cash flows from financing activities			
Proceeds from issue of shares/options		-	137,421
Cost of capital raising		-	(8,300)
Net cash flows from/(used in) financing activities		-	129,121
Net increase/(decrease) in cash and cash equivalents		(1,738,518)	809,139
Cash and cash equivalents at beginning of period		2,336,428	1,527,289
Cash and cash equivalents at end of period		597,910	2,336,428

The accompanying notes form part of these financial statements.

Statement Of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2009

	Ordinary Shares	Options Reserve	Accumulated Losses	Total Equity
	$	$	$	$
THE COMPANY				
At 1 July 2007	4,701,447	-	(423,250)	4,278,197
Options issued	-	234,490	-	234,490
Transaction costs on option issue	-	(8,300)	-	(8,300)
Loss for the year	-	-	(1,054,360)	(1,054,360)
At 30 June 2008	4,701,447	226,190	(1,477,610)	3,450,027
Options issued	-	133,810	-	133,810
Loss for the year	-	-	(1,979,544)	(1,979,544)
At 30 JUNE 2009	4,701,447	360,000	(3,457,154)	1,604,293

The accompanying notes for part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

1 CORPORATE INFORMATION

The financial report of Territory Uranium Company Ltd for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 26 September 2009.

Territory Uranium Company Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The Company's principal activity is mineral exploration with tenements only located in the Northern Territory of Australia.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 June, 2009. These are outlined in the table below:

New and revised Standards	Effective for annual reporting periods beginning / ending on or after	Impact on Company financial report
AASB 101 Presentation of Financial Statements (Revised), AASB 2007-8 Amendments to Australian Accounting Standards & Interpretations The revised standard affects the presentation of changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards however, it is important to note that the AASB has decided that Australian issuers shall make use in financial reports of the descriptions- Statement of Financial Performance and Position and use the term "financial report" and not "financial statement." The Amending Standard updates references in various other pronouncements.	Beginning 1 January 2009	These amendments are only expected to affect the presentation of the Company's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 123 Borrowing Costs (Revised), AASB 2007-6 Amendments to Australian Accounting Standards 1, 101, 107, 111, 116, 138 and Interpretations 1 & 12 This revision eliminates the option to expense borrowing costs on qualifying assets and requires that they be capitalised. The transitional provision provided allows for prospective application of this revision from either application date or adoption date if prior to 1 January 2009. The Amending Standard eliminates reference to the expensing option in various other pronouncements.	Beginning 1 January 2009	The Company has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Company's financial report.
AASB 2008-1 Share-based payments: Vesting Conditions and Cancellations The amendments clarify the definition of 'vesting conditions' introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied	Beginning 1 January 2009	The Company has share-based payment arrangements that may be affected by these amendments. However, the Company has not yet determined the extent of the impact, if any.
AASB 2008-2 Puttable Financial Instruments and Obligations arising on Liquidation The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features to classify those instruments as equity rather than financial liabilities.	Beginning 1 January 2009	The amendments are not expected to have any impact on the Company's financial report as the Company does not have on issue or expect to issue any puttable financial instruments as defined by the amendments
AASB 3 Business Combinations (Revised) The IASB issued the revised IFRS 3 in January, 2008. The equivalent AASB 3 standard was issued in Australia in March 2008. The revision makes several key amendments to the accounting for business combinations. Entities may want to early adopt the revised standard when issued.	Beginning 1 July 2009	These amendments are not expected to have any impact on the Company's financial report as the Company does not currently account for any business combinations.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 8 Operating Segments, AASB 2007-3 Amendments to Australian Accounting Standards 5, 6, 102, 107, 119, 127, 134, 136, 1023 & 1038 arising from AASB 8 This standard supersedes AASB 114 Segment Reporting introducing a US GAAP approach of management reporting as part of the convergence project with FASB. This standard only applies to entities that have public accountability therefore any entities that do not fall within scope may wish to early adopt and avoid segment reporting. The Amending Standard updates references in various other pronouncements.	Beginning 1 January 2009	These amendments are not expected to have any impact on the Company's financial report.
Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate. The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (ie. Parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	Beginning 1 January 2009	The amendments are not expected to have any impact on the Company's financial report.
Improvements to IFRSs The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part I deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	Beginning 1 January 2009 except for amendments to IFRS 5 which are effective from 1 July 2009	The Company has not yet determined the extent of the impact of the amendments, if any.
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	Beginning 1 January 2009	The interpretation is unlikely to have any impact on the Company since it does not enter into any hedging transactions.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at cost less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings - over 20 years
Plant and equipment - over 5 to 15 years

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(d) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(e) Exploration, evaluation and development expenditure

Exploration and evaluation costs are capitalised as incurred. Expenditure is accumulated in respect of each separate area of interest. Acquisition, exploration, evaluation and development costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through the sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated expenditure in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated expenditure written off to the extent that it is considered to be unrecoverable in the future. Amortisation is not charged on expenditures carried forward in respect of areas of interest in the development phase until production commences. Costs incurred before the Company has obtained the legal rights to explore are recognised in the income statement.

(f) Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or Company's of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Recoverable amount of assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(g) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured as fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Company commits to purchase the asset.

(h) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(k) Share-based payment transactions

The Company has provided to employees (including directors) of the Company options to subscribe in the Company's ordinary shares.

The cost of the options granted to employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model further details are given in note 11.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Share-based payment transactions (continued)

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 5).

(l) Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(m) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(n) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax (continued)

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.
Cash flows are included in the Cash Flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Financial risk management objectives and policies

Capital Management

The Board's objective when managing capital is to maintain a strong capital base so as to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The management of the Company's capital is performed by the Board.

Financial Instruments

The Company's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Company's operations.

The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial risk management objectives and policies (continued)

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

The Company also monitors the market price risk arising from all financial instruments.

Interest rate risk
The Company's exposure to market risk for changes in interest rates relates primarily to the Company's cash and cash equivalents.

The Company's policy is to manage its interest risk by having monies on deposits varying in maturity.

Foreign currency risk
The Company has no foreign currency risk

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

There are no significant concentrations of credit risk within the Company. The carrying amount of the Company's financial assets represents the maximum credit risk exposure, as represented below:

	2009	*2008*
		$
Cash and cash equivalents	347,910	1,336,428
Short-term deposits	250,000	1,000,000
Trade and other receivables	10,662	22,092
	608,572	2,358,520

The Company does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts.

Trade and other receivables comprise GST refunds due and interest accrued on bank deposits.

With respect to credit risk arising from cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Risk Exposures and Responses
Capital Management
There were no changes in the Company's approach to capital management during the year.

Interest rate risk
The Company's exposure to market interest rates relates primarily to the Company's cash and cash equivalents.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial risk management objectives and policies (continued)

At balance date, the Company had the following mix of financial assets exposed to Australian Variable interest rate risk that are not designated in cash flow hedges:

	2009	2008
	$	$
Financial Assets		
Cash	**347,910**	1,336,428
Short term deposits	**250,000**	1,000,000
	597,910	2,336,428

Maturity analysis of financial assets.
The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

Year ended 30 June 2009	≤ 3 months $
Financial Assets	
Cash and cash equivalents	597,910
Trade and other receivables	10,662
Total Financial Assets	608,572
Financial Liabilities	
Trade and other payables	138,240
Total Financial Liabilities	138,240
Net maturity	470,332

Fair value
The methods for estimating fair value are outlined in the relevant notes to the financial statements.

Interest rate sensitivity
A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates. A 10% movement in interest rates at the reporting date would have increased/(decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant:

	Profit or loss		**Equity**	
	10% increase	10% decrease	10% increase	10% decrease
2009				
Cash and cash equivalents	59,791	(59,791)	59,791	(59,791)
2008				
Cash and cash equivalents	233,643	(233,643)	233,643	(233,643)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

3 REVENUES AND EXPENSES

	2009 $	2008 $
(a) Finance income		
Bank interest receivable	82,986	235,303
Total finance income	82,986	235,303
(b) Depreciation included in income statement		
Depreciation	34,355	25,425
(c) Employee expenses		
Wages and Salaries	481,772	377,291
Superannuation expense	44,953	33,131
Expense of Share-based payments	133,810	97,069
Recruitment costs		34,950
Relocation costs	-	25,762
Other allowances/expenses	32,858	24,397
	693,393	592,600

4 INCOME TAX

	2009 $	2008 $
Major components of income tax expense for the years ended 30 June 2009 and 2008 are:		
Income statement		
Current income tax charge	-	-
Income tax expense (benefit) reported in income statement	-	-

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 30 June 2009 and 2008 is as follows:

	2009 $	2008 $
Accounting profit (loss) before income tax	(1,979,544)	(1,054,361)
At the statutory income tax rate of 30% (2008: 30%)	(593,863)	(316,308)
Add:		
Tax losses not brought to account as a deferred tax asset	553,720	308,622
Share-based remuneration	40,143	29,121
Less:		
Deductible capital raising expenditure	-	(21,435)
At effective income tax rate of 0% (2008: 0%)	-	-
Income tax expense reported in income statement	-	-

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

4 INCOME TAX (continued)

	Balance Sheet	
	2009	2008
Deferred Income Tax	$	$
Deferred income tax at 30 June relates to the following:		
Deferred income tax liabilities		
Capitalised/(Written Off) exploration	276,412	238,747
Accrued Interest	579	-
	276,991	238,747
Deferred income tax assets:		
Employee entitlements	12,872	10,803
Share Issue Costs	43,368	-
Professional Fees	15,677	-
Tax Losses	205,074	227,944
Gross Deferred income tax assets	276,991	238,747
Net deferred tax asset/(liability)	-	-

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise these benefits.

Unrecognised deferred tax assets	2009	2008
Deferred tax assets have not been recognised in respect of the following items	$	$
Share Issue Costs	-	64,803
Tax Losses	1,073,601	531,762
	1,073,601	596,565

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise these benefits.

5 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders (after deducting interest on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and dilutive convertible non-cumulative redeemable preference shares).

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

5 EARNINGS PER SHARE (continued)

	2009	*2008*
	$	*$*
Net loss attributable to equity holders from continuing operations	(1,979,544)	(1,054,361)
Net loss attributable to equity holders of the Company	(1,979,544)	(1,054,361)
Net loss attributable to ordinary shareholders for diluted earnings per share	(1,979,544)	(1,054,361)
	Thousands	*Thousands*
Weighted average number of ordinary shares for basic earnings per share	58,437	58,437
Adjusted weighted average number of ordinary shares for diluted earnings per share	58,437	58,437
Weighted average number of converted, lapsed or cancelled potential ordinary shares included in diluted earnings per share	-	-

There is no dilution from the outstanding options as the Company is making a loss.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

6 DIVIDENDS PAID AND PROPOSED

No dividends have been paid or proposed.

7 CASH AND CASH EQUIVALENTS

	2009 $	2008 $
Cash at bank and in hand	347,910	1,336,428
Short term deposits	250,000	1,000,000
	597,910	2,336,428

Cash at bank and in hand earns interest at floating rates based on daily bank rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

7 CASH AND CASH EQUIVALENTS (continued)

	2009 $	2008 $
The fair value of cash and cash equivalents is	597,910	2.336.428
Reconciliation of cash		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	347,910	1.336.428
Short-term deposits	250,000	1.000.000
	597,910	2.336.428
Reconciliation from the net profit after tax to the net cash flows from operations		
Net Profit/(Loss)	(1,979,544)	(1,054,361)
Adjustments for:		
Depreciation	34,355	25,245
Share options expensed	133,810	97,069
Write-off of Capitalised Exploration & Evaluation expenditure	936,527	-
Changes in assets and liabilities		
(increase)/decrease in trade and other receivables	11,430	20,042
(increase)/decrease in prepayments	(16,332)	3,000
(decrease)/increase in trade and other payables	(16,015)	60,450
Net cash from operating activities	(895,769)	(848,555)

8 TRADE AND OTHER RECEIVABLES (CURRENT)

	2009 $	*2008 $*
Net Australian Taxation Office Refund	8,732	14,018
Interest accrued on deposit	1,930	8,074
	10,662	22,092

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

9 EXPLORATION AND EVALUATION EXPENDITURE

The following table is a reconciliation of movements in exploration and evaluation expenditure during the year.

	2009 $	*2008 $*
Reconciliation		
Balance at the beginning of year	1,050,738	254,914
Additions	807,162	795,824
Impairment losses (expenditure written off)	(936,527)	-
Closing Balance	921,373	1,050,738

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

9 EXPLORATION AND EVALUATION EXPENDITURE (continued)

The following table represents the amount of capitalised exploration and evaluation expenditure attributable to tenements which are yet to be granted to Territory Uranium Company Limited.

	2009 $	*2008* $
Exploration Licence Applications (not granted)	-	93,318

The above expenditure has been capitalised to the Balance Sheet. The recoverability of these assets is dependant on successful development and commercial exploitation of the tenements. Directors regularly review the carrying value of tenements in terms of each tenement's estimated recoverable value.

10 PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment $	*Total* $
Year ended 30 June 2009		
At 1 July 2008, Net of accumulated depreciation	195,024	195,024
Additions	35,587	35,587
Depreciation charge for the year	(34,355)	(34,355)
At 30 June 2009, Net of accumulated depreciation	196,256	196,256
At 30 June 2008		
Cost or fair value	221,447	221,447
Accumulated depreciation and impairment	(26,423)	(26,423)
Net carrying amount	195,024	195,024
At 30 June 2009		
Cost or fair value	257,034	257,034
Accumulated depreciation and impairment	(60,778)	(60,778)
Net carrying amount	196,256	196,256

11 EMPLOYEE BENEFITS

Employee share options

On 25 November, 2008 the following options were granted:

- 500,000 options with a fair value of $0.0307 each were granted over ordinary shares with an exercise price of $0.15 each, vesting 25 November, 2008 and expiring 30 June 2012;
- 500,000 options with a fair value of $0.0307 each were granted over ordinary shares with an exercise price of $0.15 each, vesting 15 August, 2009 and expiring 30 June 2012;

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

11 EMPLOYEE BENEFITS (continued)

- 500,000 options with a fair value of $0.0274 each were granted over ordinary shares with an exercise price of $0.20 each, vesting 15 August, 2010 and expiring 30 June 2012;
- 500,000 options with a fair value of $0.0249 each were granted over ordinary shares with an exercise price of $0.25 each, vesting 15 August, 2011 and expiring 30 June 2012;

The fair value of the options is estimated at the date of grant using the binomial model. The following table gives the assumptions made in determining the fair value of these options:

	2009	*2008*
Expected volatility (%)	100.00	80.00
Risk-free interest rate (%)	3.30	6.75
Expected life of option (years)	3.60	4.60
Share price at grant date ($)	0.06	0.24

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of share options issued to employees.

	2009 No.	*2009 WAEP*	*2008 No.*	*2008 WAEP*
Outstanding at the beginning of the year	2,350,000	$0.4650	-	-
Granted during the year	2,000,000	$0.1875	2,350,000	$0.465
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,350,000	$0.3374	2,350,000	$0.465
Exercisable at the end of the year	1,175,000	$0.2564	-	-

The outstanding balance as at 30 June 2009 is represented by:

- 500,000 options over ordinary shares with an exercise price of $0.40 each, which vested 15th August, 2008 and expire 30/6/2012;
- 500,000 options over ordinary shares with an exercise price of $0.15 each, which vested 25th November, 2008 and expire 30/6/2012;
- 500,000 options over ordinary shares with an exercise price of $0.48 each, which vest 15th August, 2009 and expire 30/6/2012;
- 500,000 options over ordinary shares with an exercise price of $0.15 each, which vested 15th August, 2009 and expire 30/6/2012;
- 500,000 options over ordinary shares with an exercise price of $0.56 each, which vest 15th August, 2010 and expire 30/6/2012;
- 500,000 options over ordinary shares with an exercise price of $0.20 each, which vested 15th August, 2010 and expire 30/6/2012;
- 500,000 options over ordinary shares with an exercise price of $0.64 each, which vest 15th August, 2011 and expire 30/6/2012;
- 500,000 options over ordinary shares with an exercise price of $0.25 each, which vested 15th August, 2011 and expire 30/6/2012;
- 175,000 options over ordinary shares with an exercise price of $0.15 each, which vest 1st February, 2009 and expire 30/06/2011;

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2008

11 EMPLOYEE BENEFITS (continued)

- 175,000 options over ordinary shares with an exercise price of $0.15 each, which vest 1st February, 2010 and expire 30/06/2011;

The weighted average contractual life for the share options outstanding as at 30 June 2009 is between 1 and 3 years.

Share options issued and outstanding at the end of the year have the following exercise prices:

Expiry Date	*Exercise price*	*2009 No.*	*2008 No.*
30th June, 2011	$0.15	350,000	350,000
30th June, 2012	$0.15	1,000,000	-
30th June, 2012	$0.20	500,000	-
30th June, 2012	$0.25	500,000	-
30th June, 2012	$0.40	500,000	500,000
30th June, 2012	$0.48	500,000	500,000
30th June, 2012	$0.56	500,000	500,000
30th June, 2012	$0.64	500,000	500,000
Total		4,350,000	2,350,000

12 TRADE AND OTHER PAYABLES (CURRENT)

	2009 $	*2008 $*
Trade payables	89,615	112,016
Other payables	48,625	42,239
	138,240	154,255

Trade payables are non-interest bearing and are normally settled on 30-day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. Please refer to note 15 for details of Related Party terms and conditions. The net of GST payable and GST receivable is remitted to the appropriate tax body on a quarterly basis.

13 ISSUED CAPITAL AND RESERVES

	2009 $	*2009 No. of shares*	*2008 $*	*2008 No. of shares*
Ordinary Shares				
Issued and fully paid	4,701,447	58,437,500	4,701,447	58,437,500
Movement in ordinary shares on the issue				
At 1 July	4,701,447	58,437,500	4,701,447	58,437,500
At 30 June	4,701,447	58,437,500	4,701,447	58,437,500

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

13 ISSUED CAPITAL AND RESERVES (continued)

Options Reserve

	2009 $	*2009 No. of Options*	*2008 $*	*2008 No. of Options*
Listed Options (TUCO)				
Issued	129,121	13,744,792	129,121	13,744,792
Movement in listed options				
At 1 July	-	-	-	-
Shareholder rights issue – 13,744,792 options allotted 31st August, 2007 under shareholder rights issue	-	-	137,422	13,744,792
Less: Costs of the rights issue	-	-	8,301	-
At 30 June	129,121	13,744,792	129,121	13,744,792
Movement in unlisted options				
At 1 July 2008	97,069	2,350,000	-	-
Share based payment	133,810	2,000,000	97,069	2,350,000
At 30 June, 2009	230,879	4,350,000	97,069	2,350,000
Total Options Reserve balance at 30 June	360,000	18,094,792	226,190	16,094,792

Nature and purpose of reserves

Options reserve

The Options reserve records movements in listed options and is also used to record the value of equity benefits provided to employees as part of their remuneration. Refer to note 11 for further details.

14 COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Company as lessee

The Company has a commercial lease on office and warehouse space in Darwin where it is not in the best interest of the Company to purchase these assets.

The lease is for 3 years with renewal terms included in the contract. Renewals are at the option of the specific entity that holds the lease.

There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2009 $	*2008 $*
Within one year	34,311	33,376
After one year but not more than five years	-	33,376
More than five years	-	-
	34,311	66,752

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

14 COMMITMENTS AND CONTINGENCIES (continued)

Tenement commitments

At 30 June 2009 the Company has minimum expenditure commitments of $826,448 per annum relating to existing granted tenements. There is a further $738,500 per annum in minimum expenditure on tenements applied for, but not yet granted. The timing of the granting of these tenements is unknown and will vary significantly depending on native title meetings.

The commitments contracted for at reporting date, but not provided for:

	2009 *$*	*2008* *$*
Within one year		
- Exploration Licences (granted)	826,448	957,000
- Exploration Licence Applications (not granted)	738,500	865,050
After one year but not more than five years		
- Exploration Licences (granted)	826,448	957,000
- Exploration Licence Applications (not granted)	738,500	865,050
Longer than five years	-	-
	3,129,896	3,644,100

The Company's mining tenements may be subject to native title applications in the future. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Company. Other than the above, the Directors of Territory Uranium consider that there are no other material contingencies or commitments outstanding as at 30 June, 2009.

15 RELATED PARTY DISCLOSURE

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year inclusive of GST (for information regarding outstanding balances at year-end, refer to notes 8, 11 and 17):

Related party		Purchases from related parties *$*	Amount owed by related parties *$*	Amounts owed to related parties *$*
Winton Vale Pty Ltd	2009	22,712	-	-
	2008	54,954	-	-
Stanley Resources Pty Ltd	2009	35,753	-	1,500
	2008	154,082	-	-
Westlaw Securities Pty Ltd	2009	36,345	-	-
	2008	32,638	-	4,075
Acute Tax & Business Consultants	2009	32,699	-	1,782
	2008	39,916	-	-
Boden Corporate Services	2009	31,228	-	2,024
	2008	26,887	-	-

Related party payables are non-interest bearing and are normally settled on 30-day terms.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

15 RELATED PARTY DISCLOSURE (continued)

Winton Vale Pty Ltd
The Company contracts the services of Winton Vale Pty Ltd, a company related to Mr Peter Harold, for the provision of the services of a Chairman.

Stanley Resources Pty Ltd
Territory Uranium Company Ltd utilises consultancy services provided by the company. Stanley Resources Pty Ltd is a related party to Mr Ronald Stanley.

Westlaw Securities Pty Ltd
Westlaws Securities Pty Ltd is the owner of the Darwin office that the Company leases. Westlaw Securities Pty Ltd is a related party to Mr Ronald Stanley and Mr Peter Stanley.

Acute Tax & Business Consultants
The Company has engaged the services of Acute Tax and Business Consultants, a company related to Mr Michael Britton, for the provision of accounting services. This contract is for a period of two years, and can be terminated on three months notice, with fees to be charged in accordance with normal charge out rates.

Boden Corporate Services
The Company has engaged the services of Boden Corporate Services, a company related to Mr Graeme Boden, for the provision of company secretarial services. This contract is for a period of two years, and can be terminated on three months notice, with fees to be charged in accordance with normal charge out rates.

16 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after balance sheet date other than the following:

- 8,750,000 ordinary shares were issued fully paid at $0.08 per share through a placement to raise $700,000.
- Agreement was made to place a further 6,500,000 ordinary shares at $0.08 per share fully paid, subject to shareholder approval, to raise $520,000.
- Implementation of a Shareholder Share Purchase Plan to issue up to 15,625,000 shares at $0.08 to raise up to $1,250,000. The SSPP closed on 16 September 2009 with subscriptions received for $2,161,000. Directors resolved to accept an additional $362,500 to bring the total allotment under the SPP to the maximum allowable amount of $1,612,500.
- An extraordinary General Meeting was held on 21 September 2009, which
  - Ratified the issue of 8,750,000 shares
  - Approved the placement of 6,500,000 shares
- Exploration tenements which were considered to be non-core and, possibly, dilutive to focus, were sold for $600,000 to Chinese company Anhui with documentation executed on 10 September 2009. The agreement is still subject to Foreign Investment Review Board (FIRB) approval.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

17 AUDITORS REMUNERATION

	2009 *$*	*2008* *$*
Amounts received or due and receivable by PKF Australia for:		
• an audit of the financial report of the entity;	18,150	16,000
• December half-year review	9,400	10,708
	27,550	27,028

18 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

Mr Peter J Harold
Chairman (non-executive)

Mr Ian Bamborough
Managing Director

Mr R Stanley
Director (non-executive)

Mr P Stanley
Director (non-executive)

Mr M Britton
Director (non-executive)

Mr G Boden
Company Secretary

(b) Remuneration of Key Management Personnel

(i) Remuneration Policy

The Company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors has been set at an amount not to exceed $200,000 per annum. The directors have set fees at present at $50,000 pa plus 9% superannuation for Mr Peter Harold as chairman and $35,000 pa plus 9% superannuation for each of Mr Ron Stanley, Mr Peter Stanley and Mr Michael Britton as directors.

The remuneration of Mr Ian Bamborough as Managing Director is $200,000 plus 9% superannuation. Mr Bamborough has also been granted 4,000,000 options as set out in part (c) of this note.

The Company has engaged the services of Acute Tax and Business Consultants, a company related to Mr Michael Britton, for the provision of accounting services. This contract is for a period of two years and can be terminated on three months notice, with fees to be charged in accordance with normal charge out rates.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

18 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(ii)Remuneration of Key Management Personnel

	PRIMARY Salary & Fees $	POST EMPLOYMENT Superannuation $	EQUITY Options $	TOTAL $
30 June 2009				
Mr P Harold	31,045	750	-	31,795
Mr I Bamborough	189,206	17,028	123,614	329,848
Mr R Stanley	35,752	-	-	35,752
Mr P Stanley	17,502	1,575	-	19,077
Mr M Britton	50,201	1,575	-	51,776
Mr G Boden	31,228			31,228
Total Remuneration: Key Management Personnel	354,934	20,928	123,614	499,476
30 June 2008				
Mr P Harold	49,958	-	-	49,958
Mr I Bamborough	153,354	13,943	90,332	257,629
Mr R Stanley	140,075	-	-	140,075
Mr P Stanley	35,004	3,150	-	38,154
Mr M Britton	71,291	3,150	-	74,441
Mr G Boden	26,887			26,887
Total Remuneration: Key Management Personnel	476,569	20,243	90,332	587,144

(c) Remuneration options: Granted and vested during the year

During the financial year options were granted as equity compensation benefits to certain key management personnel as disclosed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price disclosed in the table below. For further details of the terms and conditions including the service and performance criteria that must be met refer to note 11.

	Vested	**Granted**	**Terms & Conditions for each Grant**			
	No.	*No.*	*Grant Date*	*Value per option at grant date ($)*	*Exercise price per share ($)*	*Expiry Date*
Key Management Personnel						
Mr I Bamborough	500,000	500,000	29/11/2007	0.1348	0.40	30/06/2012
	0	500,000	29/11/2007	0.1259	0.48	30/06/2012
	0	500,000	29/11/2007	0.1184	0.56	30/06/2012
	0	500,000	29/11/2007	0.1115	0.64	30/06/2012

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

18 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(c) Remuneration options: Granted and vested during the year (continued)

Mr I Bamborough	500,000	500,000	25/11/2008	0.0307	0.15	30/06/2012
	0	500,000	25/11/2008	0.0307	0.15	30/06/2012
	0	500,000	25/11/2008	0.0274	0.20	30/06/2012
	0	500,000	25/11/2008	0.0249	0.25	30/06/2012
Total	1,000,000	4,000,000				

(d) Shares issued on exercise of remuneration options

No shares have been issued due to the exercising of remuneration options.

(e) Option holdings of Key Management Personnel

Direct options held in Territory Uranium Company Ltd

	Balance at beg of period 01-Jul-08	*Granted as Remuneration*	*Options Exercised*	*Listed Options taken up due to Rights Issue*	*Balance at end of period 30-Jun-09*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
Key Management Personnel							
Mr P Harold	-	-	-	-	-	-	-
Mr I Bamborough	2,000,000	2,000,000	-	-	4,000,000	3,000,000	1,000,000
Mr R Stanley	-	-	-	-	-	-	-
Mr P Stanley	66,668	-	-	-	66,668	-	66,668
Mr M Britton	-	-	-	-	-	-	-
Mr G Boden	66,667	-	-	-	66,667	-	66,667
Total	2,133,335	2,000,000	-	-	4,133,335	3,000,000	1,133,335

(e) Option holdings of Key Management Personnel (continued)

Indirect options held in Territory Uranium Company Ltd

	Balance at beg of period 01-Jul-08	*Granted as Remuneration*	*Options Exercised*	*Listed Options taken up due to Rights Issue*	*Balance at end of period 30-Jun-09*	*Not Vested & Not Exercisable*	*Vested & Exercisable*
Key Management Personnel							
Mr P Harold	-	-	-	-	-	-	-
Mr I Bamborough	-	-	-	-	-	-	-
Mr R Stanley	4,350,001	-	-	-	4,350,001	-	4,350,001
Mr P Stanley	333,334		-	-	333,334	-	333,334
Mr M Britton	141,667	-	-	-	141,667	-	141,667
Mr G Boden	55,225	-	-	-	55,225		55,225
Total	4,880,227	-	-	-	4,880,227	-	4,880,227

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

18 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(f) Shareholdings of Key Management Personnel

Direct shares held in Territory Uranium Company Ltd

	Balance 01-Jul-08	*Net Change Other*	*Balance 30-June-09*
	Ord	*Ord*	*Ord*
Key Management Personnel			
Mr P Harold	-	-	-
Mr I Bamborough	10,000	-	10,000
Mr R Stanley	25,000	-	25,000
Mr P Stanley	275,000	-	275,000
Mr M Britton	-	-	-
Mr G Boden	250,000		250,000
Total	560,000	-	560,000

Indirect shares held in Territory Uranium Company Ltd

	Balance 01-Jul-08	*Net Change Other*	*Balance 30-June-09*
	Ord	*Ord*	*Ord*
Key Management Personnel			
Mr P Harold	5,000,000	-	5,000,000
Mr I Bamborough	-	-	-
Mr R Stanley	13,050,000	-	13,050,000
Mr P Stanley	1,000,000	-	1,000,000
Mr M Britton	425,000	-	425,000
Mr G Boden	250,000		250,000
Total	19,725,000	-	19,725,000

All equity transactions with specified directors and specified executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(h) Other transactions and balances with Key Management Personnel

Rent

During the year, Westlaw Securities Pty Ltd owned the premises located at Unit 2, 59 Winnellie Road, Winnellie, NT. Territory Uranium Company rents these premises as a base for its operations in the Northern Territory. Total rent paid under this agreement for the year ending 30 June 2009 was $36,345 (2008: $35,004) of which $36,345 (2008: $29,671) was paid to Westlaw Securities Pty Ltd.

Directors' Declaration

In accordance with a resolution of the directors of Territory Uranium Company Ltd, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and

(iii) the financial report is in compliance with International Financial Reporting Standards as disclosed in note 2(b).

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June, 2009 by the CEO and CFO.

On behalf of the Board

Ian Bamborough
Managing Director
25th September 2009

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TERRITORY URANIUM COMPANY LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Territory Uranium Company Limited which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Territory Uranium Company Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the entity's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b).

PKF

PKF
Chartered Accountants

C Manifis

Conley Manifis
Partner

Dated at Perth, Western Australia this 25th day of September 2009

ASX Additional Information

1. Ordinary Shares

The security holders information set out below was applicable as at 8 September 2009.

(i) Distribution of Security Numbers

	Ordinary Shares	
Category (size of holding)	**Shareholders**	**Shares**
1 – 1,000	56	29,277
1,001 – 5,000	254	967,950
5,001 – 10,000	187	1,597,210
10,001 – 100,000	396	15,533,489
100,001 and over	84	49,059,574
Total	**977**	**67,187,500**

There were 331 shareholders holding less than a marketable parcel at a price of $0.09, totalling 1,109,342 shares.

(ii) Voting Rights

On a show of hands every person present who is a member or a proxy, attorney or representative of a member has one vote and upon a poll every person present who is a member or a proxy, attorney or representative of a member shall have one vote for each share held.

(iii) Twenty Largest Security Holders

The names of the twenty largest holders of ordinary shares are listed below:

Name	Number of Ordinary Shares	% of Issued Capital
Stanley Resources PL	11,350,000	16.89
Byrne, D H	7,450,000	11.09
Harold, A	5,000,000	7.44
ANZ Nominees Ltd	4,528,451	6.74
Australian Heritage Group PL	1,434,426	2.13
Aberv PL	1,000,000	1.49
Stanley, P & K	1,000,000	1.49
Sierra Bay PL	675,000	1.00
Aberv PL	625,000	0.93
Heelmo Holdings PL	600,000	0.89
Inglewood Lodge PL	520,000	0.77
Tapper, K & E M	500,000	0.74
Kumbhalgarh PL	500,000	0.74
McKinght Holdings PL	435,630	0.65
Acute PL	425,000	0.63
Gale, S	400,000	0.60
Sassine, S & Y M	400,000	0.60
Australian Heritage Group PL	400,000	0.60
Harris, C	360,000	0.54
Charuckyj L & C M	340,000	0.51
Total	**37,943,507**	**56.47**

ASX Additional Information (cont.)

(iv) Substantial Shareholders

The names of the substantial shareholders listed in the Company's share register as at 8 September 2009 were:

Name	Number of Ordinary Shares	% of Issued Capital
Ronald Stanley and associates	13,075,000	16.89
Byrne, Dominic Harold	7,450,000	11.09
Total	**20,525,000**	**27.98**

(v) On market buy back

There is no on-market buy-back scheme in operation for the Company's listed shares.

2. Quoted Options

The information on quoted option holders set out below was applicable as at 8 September, 2009.

(i) Distribution of quoted option holder numbers

Category (size of holding)	No of option holders	No of options
1 – 1,000	51	30,863
1,001 – 5,000	125	373,677
5,001 – 10,000	88	657,277
10,001 – 100,000	106	3,482,904
100,001 and over	19	9,200,070
Total	**389**	**13,744,791**

(ii) Voting Rights

Listed options do not entitle the holder to any voting rights.

ASX Additional Information (cont.)

(iii) Twenty Largest Option Holders

The names of the twenty largest holders of listed options are listed below:

Name	Number of Listed Options	% of Issued Capital
Stanley Resources PL	3,783,333	27.53
Byrne, D H	1,953,334	14.21
Celtic Capital PL	340,000	2.47
Stanley, P & K	333,334	2.43
Aberv PL	333,334	2.43
Australian Heritage Group PL	333,334	2.43
Kellett, K R	250,000	1.82
Sierra Bay PL	225,001	1.64
Aberv PL	208,334	1.52
Mansfield M & H	200,000	1.46
Turavale PL	196,667	1.43
Australian Heritage Group PL	166,667	1.21
Acute PL	141,667	1.03
Trablus Inv PL	133,334	0.97
Whitfield W, B & G	131,975	0.96
Haarsma, D	123,088	0.90
S & S Lauder Hldgs PL	121,667	0.89
Charuckyj L & C M	113,334	0.82
Bolton, N & S	111,667	0.81
Loxwood Holdings PL	100,000	0.73
Total	**9,300,070**	**67.69**

3. Unquoted Option holder Information

The information on unquoted option holders set out below was applicable as at 8 September 2009.

(i) Distribution of unquoted option holder numbers

Category (size of holding)	No of option holders	No of options
0 – 100,000	1	100,000
100,001 and over	2	4,250,000
Total	**3**	**4,350,000**

(iv) Voting Rights

Unlisted options do not entitle the holder to any voting rights.

(v) Holders of more than 20% of unquoted options

	No of options	%
Bamborough, I	4,000,000	91.9