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Half-Year Financial Report
31 December 2010

TERRITORY URANIUM COMPANY LTD - HALF YEAR REPORT

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TERRITORY URANIUM COMPANY LTD - HALF YEAR REPORT

DIRECTORS' REPORT

The directors of Territory Uranium Company Ltd submit herewith the financial report of Territory Uranium Company Ltd for the half-year ended 31st December, 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of the directors of the company during or since the end of the half-year are:

Mr Peter Harold	Non-Executive Chairman
Mr Ian Bamborough	Managing Director
Mr Ronald Stanley	Non-Executive Director
Mr Michael Britton	Non-Executive Director
Mr Peter Stanley	Non-Executive Director

The above named directors held office during and since the end of the half-year except for:

Mr Peter Stanley – withdrew from re-election at the Company's AGM, 22nd November, 2010.

REVIEW AND RESULTS OF OPERATIONS

The Company incurred a loss for the period of \$668,155 (2009: \$86,916) and has cash reserves at 31 December 2010 of \$2,318,700. The operations of the Company have not changed and continue being mineral exploration, mainly Uranium, Gold and Base Metals.

Exploration for the half year to December 31 2010 focused primarily on TUC's Quantum rare earth and uranium project at Pine Creek. In addition, significant work was completed at the Tennant Creek base metals and gold project.

Quantum Project

Excellent Rare Earth results from Quantum RC drilling.

Total Rare Earth (TREO) grades of up to 11.61% have been returned from drilling at Quantum in the Pine Creek Project. A drill intersection including a zone of 33m @ 1.76% TREE from 246m contains a high grade zone of 6m @ 7.79% TREO from 248m in hole TDD8. Further diamond drilling confirmed the continuity of significant rare earth mineralisation with an intersection of 2.3m @ 2.75% Total Rare Earth Oxide (TREO) being returned 100m down dip of a zone of 12m @ 4.51% TREO. Other assay results extended a broad intersection in TDD8 to a total zone of 50m @ 1.5% TREO from 245m. Concentrations of the most valuable rare earths (Nd+Dy+Pr+Eu) in these intersects are a highly respectable 15%.

Uranium discovered in historical drilling at Quantum

Re-sampling of historic drill core returned results including 0.5m @ 4,224ppm U₃O₈. This gives indications as to the high grade uranium potential of the prospect. Down hole gamma logging of 7 historical holes has identified the presence of several additional uranium target zones. In addition, a 6.8m wide zone of gold-silver-bismuth-zinc mineralisation is noted. Results including 3.4m @ 4.84% Zn from 485.4m (including 0.9m @ 15.6% Zn from 487m) highlight the greater mineralised potential of the system.

Green Prospect (Daly Project)

A two hole diamond drill program was undertaken with the aid of a \$100,000 grant from the Northern Territory Government's 'Bringing Forward Discovery' initiative to test a significant uranium-gold anomaly in association with an electromagnetically defined structure. Further work is planned for the 2011 field season.

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Consent Given for Access to Key uranium tenement in Alligator River Uranium Field

At a meeting with Traditional Aboriginal Land owners, TUC were given verbal consent for access to a key tenement in the Alligator River Uranium Field. The ELA 25389 tenement encompasses a regionally important radiometric anomaly in ground thought to share similar characteristics to the Nabarlek Uranium Mine (historic production 0.57Mt @ 1.95% U₃O₈).

Placements

In December 2010, the Company completed a successful placement to sophisticated investors at \$0.23 to raise \$1,840,000 before costs. In January 2011 the Company finalised two further share placements to sophisticated and institutional investors to raise a further \$4,582,433 at \$0.30 and \$2,208,000 at \$0.32 before fees.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor's, Deloitte Touche Tohmatsu, which is included on page 5.

Signed in accordance with a resolution of the directors



Ian Bamborough
Managing Director
Dated: 14th March, 2011

The Board of Directors
Territory Uranium Company Limited
257 York Street
Subiaco WA 6008

14 March 2011

Dear Board Members

Territory Uranium Company Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Territory Uranium Company Limited.

As lead audit partner for the review of the financial statements of Territory Uranium Company Limited for the financial half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Conley Manifis
Partner
Chartered Accountants

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TERRITORY URANIUM COMPANY LTD - HALF YEAR REPORT

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	Half-year ended 31 December 2010 \$	31 December 2009 \$
Revenue			
Total Income	3(a)	52,337	640,720
Expenses			
Accounting & Audit costs		40,932	31,365
ASX & Share Registry expenses		28,588	25,925
Depreciation and amortisation expense	3(b)	18,717	19,528
Consultants Fees		-	16,823
Travel & Accommodation		24,759	11,897
Employee expenses	3(c)	394,885	312,120
Rent		23,445	18,955
Company Secretarial Services		13,831	25,150
Legal Fees		220	24,075
Insurances		39,877	27,474
Exploration & Evaluation expenditure		47,544	87,081
Other expenses from operating activities		87,694	127,243
Loss before income tax		(668,155)	(86,916)
Income tax expense		-	-
Loss for the period		(668,155)	(86,916)
Other Comprehensive Income		-	-
Total comprehensive income for the period		(668,155)	(86,916)
Loss per share			
- Basic (cents per share)		-0.79	-0.11
- Diluted (cents per share)		-0.79	-0.11

The condensed statement of comprehensive income should be read in conjunction with the accompanying note

TERRITORY URANIUM COMPANY LTD - HALF YEAR REPORT

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Notes	31 Dec 2010 \$	30 June 2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	2,318,700	2,284,710
Trade and other receivables		196,759	5,977
Prepayments		-	14,559
Total Current Assets		2,515,459	2,305,246
Non-Current Assets			
Exploration and Evaluation Expenditure		2,345,848	1,496,483
Property, plant and equipment		176,724	170,769
Total Non-Current assets		2,522,572	1,667,252
TOTAL ASSETS		5,038,031	3,972,498
LIABILITIES			
Current liabilities			
Trade and other payables		240,824	252,382
Total Current Liabilities		240,824	252,382
TOTAL LIABILITIES		240,824	252,382
NET ASSETS		4,797,207	3,720,116
EQUITY			
Issued capital	8	9,141,905	7,412,305
Option Reserve		436,508	420,861
Accumulated losses		(4,781,206)	(4,113,050)
TOTAL EQUITY		4,797,207	3,720,116

The condensed statement of financial position should be read in conjunction with the accompanying notes.

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CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	31 December 2010 \$	31 December 2009 \$
Cash flows from operating activities			
Interest received		45,966	13,651
Other income		6,371	3,211
Payments to suppliers and employees		(873,909)	(732,601)
Net cash flows (used in) operating activities		(821,572)	(715,739)
Cash flows from investing activities			
Sale of tenements		-	600,000
Purchase of property, plant and equipment		(24,672)	(9,006)
Payment for Exploration & Evaluation Expenditure		(849,366)	(349,919)
Net cash flows (used in) investing activities		(874,038)	241,075
Cash flows from financing activities			
Proceeds from issue of shares		1,840,000	2,831,548
Costs related to capital raisings		(110,400)	(120,703)
Net cash flows from financing activities		1,729,600	2,710,845
Net increase in cash and cash equivalents		33,990	2,236,181
Cash and cash equivalents at beginning of period		2,284,710	597,910
Cash and cash equivalents at end of period	4	2,318,700	2,834,091

The condensed statement of cash flows should be read in conjunction with the accompanying notes.

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TERRITORY URANIUM COMPANY LTD - HALF YEAR REPORT

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Ordinary shares \$	Options \$	Accumulated Losses \$	Total Equity \$
At 1 July 2009	4,701,447	360,000	(3,457,154)	1,604,293
Comprehensive Income for the period	-	-	(86,916)	(86,916)
Shares issued – net of capital raising costs	2,710,845	-	-	2,710,845
Expense for options issued prior to 1 July 2009	-	36,285	-	36,285
At 31 December 2009	<u>7,412,292</u>	<u>396,285</u>	<u>(3,544,070)</u>	<u>4,264,507</u>
At 1 July 2010	7,412,305	420,861	(4,113,051)	3,720,116
Comprehensive Income for the period			(668,155)	(668,155)
Shares issued – net of capital raising costs	1,729,600	-	-	1,729,600
Expense for options issued prior to 1 July 2009	-	15,647	-	15,647
At 31 December 2010	<u>9,141,905</u>	<u>436,508</u>	<u>(4,781,206)</u>	<u>4,797,207</u>

The condensed statement of changes in equity should be read in conjunction with the accompanying notes.

TERRITORY URANIUM COMPANY LTD - HALF YEAR REPORT

Notes to the condensed financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

It is also recommended that the half-year financial report be considered together with any public announcements made by Territory Uranium Company Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of Preparation

The condensed financial statements have been prepared on the basis of historical cost, except where indicated. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) Changes in Accounting Policies and Disclosures

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period.

Significant new and revised standards and interpretations effective for the current financial reporting period that are relevant to the Company are:

- Amendments to AASB 101, 107, 118 and 136 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*.

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences.

The adoption of these amendments have not resulted in any changes to the Company's accounting policies and have no affect on the amounts reported for the current or prior periods.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Accounting Standards and Interpretations issued but not yet effective.

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 half year ending 31 December 2010. Management are in the process of assessing the impact of the adoption of these standards and interpretations on the Company.

2. OPERATING SEGMENTS

The Company operates solely in the mineral resources exploration industry in the Northern Territory of Australia.

3. REVENUES AND EXPENSES

(a) Income

	<i>31 Decemeber 2010</i>	<i>31 December 2009</i>
	\$	\$
Bank Interest receivable	45,966	37,509
Profit from sale of tenements	-	600,000
Other Income	6,371	3,211
Total Income	<u>52,337</u>	<u>640,720</u>

(b) Depreciation included in income statement

Depreciation	<u>18,717</u>	<u>19,528</u>
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(c) Employee expenses

Wages and Salaries	323,325	229,817
Superannuation expenses	34,051	24,766
Expenses of Share-based payments	15,647	36,285
Other allowances/benefits	21,862	21,252
	<u>394,885</u>	<u>312,120</u>

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TERRITORY URANIUM COMPANY LTD - HALF YEAR REPORT

Notes to the Financial Statements (continued)

4. CASH AND CASH EQUIVALENTS

For the purposes of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following:

	<i>31 December 2010</i>	<i>30 June 2010</i>
	\$	\$
Cash at bank and in hand	<u>2,318,700</u>	<u>2,284,710</u>
	<u>2,318,700</u>	<u>2,284,710</u>

5. DIVIDENDS PAID AND PROPOSED

No dividends have been paid or proposed.

6. SHARE BASED PAYMENT PLANS

Employee share options

During the period, no new options were granted under this plan.

7. COMMITMENTS AND CONTINGENCIES

Tenement commitments

At 31 December 2010 the Company has minimum expenditure commitments of \$422,687 per annum relating to existing granted tenements. There is a further \$697,300 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:

	<i>31 December 2010</i>	<i>30 June 2010</i>
	\$	\$
Within one year		
- Exploration Licences (granted)	422,687	430,999
- Exploration Licence Applications (not granted)	697,300	697,300
After one year but not more than five years		
- Exploration Licences (granted)	422,687	430,999
- Exploration Licence Applications (not granted)	697,300	697,300
Longer than five years	-	-
	<u>2,239,974</u>	<u>2,256,598</u>

TERRITORY URANIUM COMPANY LTD - HALF YEAR REPORT

Notes to the Financial Statements (continued)

7. COMMITMENTS AND CONTINGENCIES (continued)

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 those mentioned in the Company's Annual Report as at 30 June, 2010, the Directors of Territory Uranium consider that there are no other material changes to contingencies or commitments outstanding as at 31 December, 2010.

8. ISSUANCES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

Issued capital as at 31 December, 2010 amounted to \$9,578,413 (101,831,873 ordinary shares). During the half-year reporting period, the Company issued 8,000,000 at \$0.23 per share to sophisticated investors as detailed in the tables below:

	31 December 2010 \$	30 June 2010 \$
Ordinary shares (i)	9,141,905	7,412,305
Options (ii)	436,508	420,861
	<u>9,578,413</u>	<u>7,833,166</u>

(i) Ordinary shares

Full paid ordinary shares carry one vote per share and carry the right to dividends.

	Shares	\$
<i>Movement in ordinary shares on issue</i>		
At 1 July 2010	93,831,873	7,412,305
02/12/2010 Placement	8,000,000	1,840,000
Costs of raising capital	-	(110,400)
At 31 December 2010	<u>101,831,873</u>	<u>9,141,905</u>

(ii) Options over unissued ordinary shares

	Options	\$
<i>Movement in options issued</i>		
At 1 July 2010	4,430,000	420,861
Share based payment expense for employee options issued prior to 1 July 2010	-	15,647
At 31 December 2010	<u>4,430,000</u>	<u>436,508</u>

There were no other movements in the ordinary share capital or other issued share capital of the Company in the half-year reporting period other than the December, 2010 placement to sophisticated investors and the amortisation of employee options granted in prior reporting periods. For details of the employee options, please refer to the Company's Annual Report as at 30 June, 2010.

9. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to 31st December, 2010, the Company completed two placements with the following details:

	Shares issued	\$
Placement allotted 31/01/2011	15,274,774	4,582,433
Placement allotted 08/02/2011	6,900,000	2,208,000
Costs of raising capital	-	(407,426)
Total Shares issued and monies raised under placements	<u>22,174,774</u>	<u>6,383,007</u>

Other than the above, there have been no other events subsequent to the balance sheet date which are sufficiently material to warrant disclosure.

TERRITORY URANIUM COMPANY LTD - HALF YEAR REPORT

DIRECTORS'S DECLARATION

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Ian Bamborough
Managing Director

Darwin, 14th March 2011

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Independent Auditor's Review Report to the Members of Territory Uranium Company Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Territory Uranium Company Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 6 to 14.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Territory Uranium Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Territory Uranium Company Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Territory Uranium Company Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

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Conley Manifis
Partner
Chartered Accountants
Perth, 14 March 2011