



# Territory Resources Limited

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29 July 2010

Manager Announcements  
Company Announcements Office  
ASX Limited  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

## **Territory Identifies new Iron Ore Exploration Opportunity near Frances Creek**

Attached is a Media Release in regard to the above.

Yours sincerely,

**Patrick McCole**  
Company Secretary



**An Australian Resources Group**

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Media/ASX Release

29 July 2010

## Territory Identifies new Iron Ore Exploration Opportunity near Frances Creek

### *Agreement to Explore Prospective Tenement 25km SE of Frances Creek Iron Ore Mine*

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Australian iron ore producer Territory Resources Limited (ASX: **TTY** – “Territory” or “the Company”) is pleased to advise that it has reached a non-binding Agreement to secure the right to explore for and develop iron ore resources on a prospective and strategically located tenement 25km south-east of its 2Mtpa **Frances Creek Iron Ore Mine** in the Northern Territory.

The exploration tenement Gunlom, located at McCarthy Hill is held by a private investment group (“Syndicate”), and contains similar rock sequences to those at Frances Creek, including significant indications of high-grade hematite mineralisation based on recent rock chip sampling conducted by the Syndicate.

Territory has agreed to enter into an Exploration Agreement with the Syndicate giving it the right to explore and develop the 36.7 sq km tenement, EL22440, which is located 30km north-east of Pine Creek (see Figure 1)

The region contains a number of sites sacred to the Traditional Owners, the BMW People, that are protected under an Authority Certificate issued by the Aboriginal Areas Protection Authority. The BMW People as the Traditional Owners and Custodians of the area have given their approval for access to conduct exploration in the area and an application will be lodged under the Northern Territory Aboriginal Sacred Sites Act to vary the Authority Certificate to allow for access and a drilling program to be conducted.

Under the Agreement the parties have agreed to, in good faith, seek the necessary Authority Certificate to conduct the exploration and upon such approval, Territory will seek to enter into an Exploration Agreement with the Syndicate prior to conducting the drilling program.

The Syndicate’s original exploration focus was for base and precious metals surrounding the historic McCarthy’s Hill silver-lead mine; however they recently approached Territory to discuss opportunities to work together to test the iron ore exploration potential of the tenement.

Detailed airborne geophysical surveys over the tenement identified base metal and precious metal targets in folded rocks near the McCarthy’s Hill occurrence. However, more recent rock chip sampling over the central part of the tenement has also returned high iron grades with low contaminant levels.

The best results, including iron grades averaging 62.2% Fe, were returned from a folded rock sequence with similarities to the host sequence of the flagship Helene 6/7 deposits at Frances Creek. This sequence will be the priority target of Territory’s proposed exploration activities.

Territory believes the tenement offers an excellent opportunity to delineate new high-grade hematite resources within an economic trucking distance of the Frances Creek operation, complementing the Company’s current focus on pursuing opportunities to extend the mine life at Frances Creek.



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Territory will operate and fund the costs of all exploration and development activities, including a minimum initial 2,500m reverse circulation ("RC") drilling program to test the iron formations within the central part of the tenement. If the initial drilling is successful, Territory will seek to enter into an Exploration Agreement with the Syndicate. The key elements of this agreement are to include:

- *the definition of a JORC compliant Mineral Resource by Territory and a commitment to complete a Bankable Feasibility Study before 2012, if justified;*
- *the appointment of Territory as operator of all mining activities, with a process to be implemented to enable Territory to ultimately hold one or more Mining Leases over appropriately sized areas where resources have been defined; and*
- *the payment of a 2% gross sales royalty to the Syndicate on future iron ore production from the tenement.*

In the event that the initial drilling provides encouraging results, Territory will also seek to enter into further agreements with the BMW People to obtain the necessary sacred site and heritage survey clearances from the Traditional Owners and Custodians to enable further drilling and exploration activities to proceed.

Commenting on the announcement, Territory's Managing Director, Mr Andy Haslam, said: "*This is an exciting new opportunity for Territory to extend the current mine life at Frances Creek beyond 2014.*"

*"The strategic location of this tenement within an economic trucking distance of Frances Creek combined with the presence of known iron ore mineralisation makes this a very attractive prospect."*

*"We are currently working with the Syndicate and BMW People to obtain clearance access to the tenement to enable first pass exploratory RC drilling to commence in the second half of 2010,"* he added. *"We look forward to moving ahead with this program as quickly as possible and reporting results from our initial drilling program."*

- ENDS -

**Released by:**  
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**On behalf of:**  
**Andy Haslam**  
**Managing Director**  
**Territory Resources Ltd**  
**Telephone: +61-8 9483 5100**

## **Competent Person's Statement**

*The information in this report that relates to Exploration Results is based on information compiled by Mr David Broomfield, who is a Member of the Australian Institute of Mining and Metallurgy, and is a full-time employee of Territory Resources Limited. Mr Broomfield has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves'. Mr Broomfield consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## **Forward-Looking Statements**

*This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Territory Resources Limited, that could cause actual results to differ materially from such statements. Territory Resources Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.*



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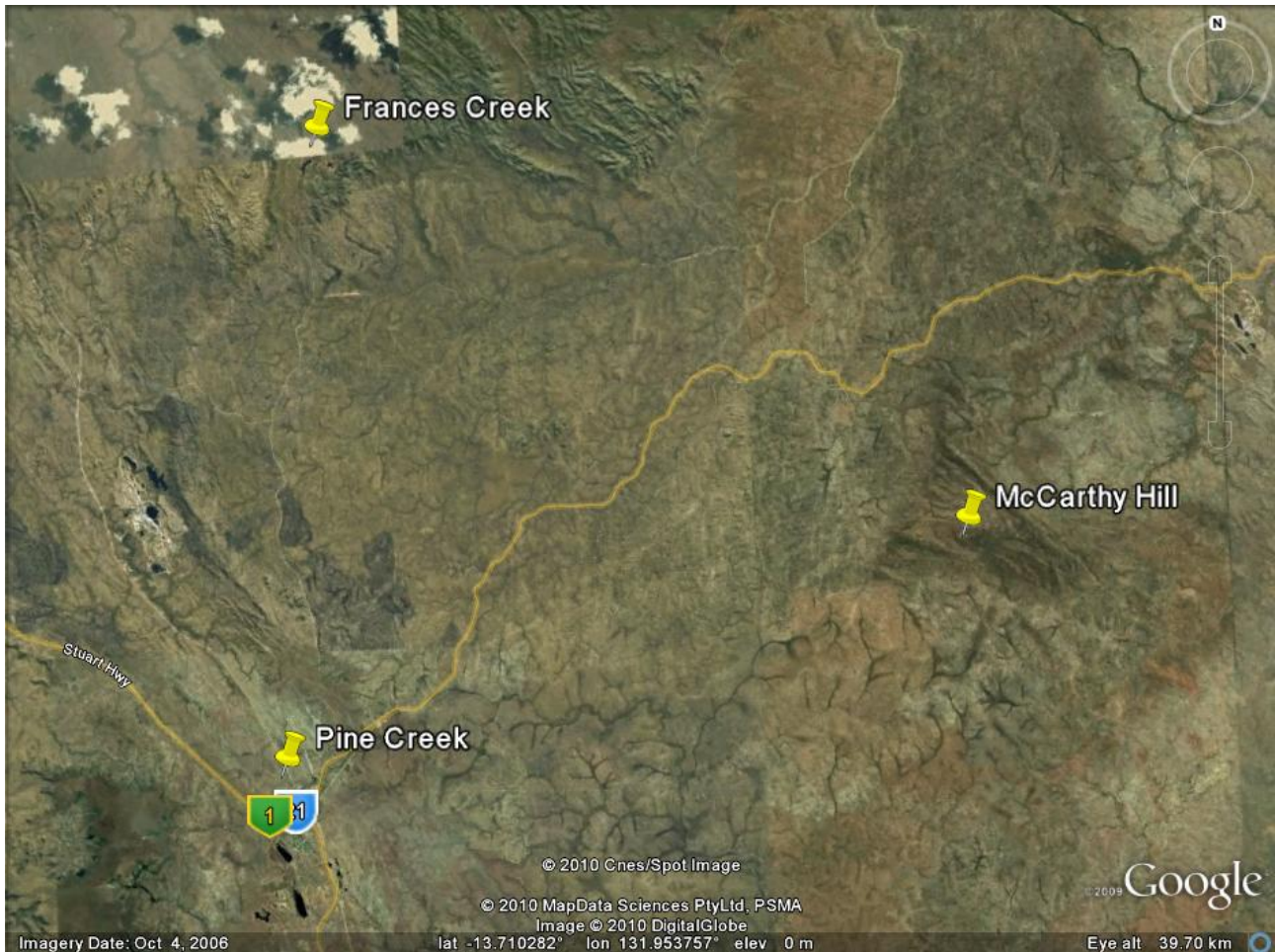
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## Exploration Targets

*It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information above relating to the exploration targets for the Frances Creek Iron Ore Project should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.*

**Figure 1. Google Imagery showing location of McCarthy Hill Prospect**



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