



# Territory Resources Limited

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2 August 2010

Manager Announcements  
Company Announcements Office  
ASX Limited  
Level 4  
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Dear Sir/Madam

## **Territory Extends Frances Creek Mine Life with a 50% Boost in Reserves**

Attached is a Media Release in regard to the above.

Yours sincerely,

**Patrick McCole**  
Company Secretary



**An Australian Resources Group**

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A.B.N. 53 100 552 118



Media/ASX Release

2 August 2010

## Territory Extends Frances Creek Mine Life with a 50% Boost in Reserves

*Territory Targets Further Mine Life Extensions with a \$4.67M Exploration programme underway to extend mine life beyond 2014*

Australian iron ore producer Territory Resources Limited (ASX: TTY – “Territory” or “the Company”) is pleased to advise that a re-optimisation of the deposits has extended the mine life at its 2 Mtpa **Frances Creek** Iron Ore Mine in the Northern Territory with a **50% increase in Ore Reserves** that will underpin continued iron ore production at the mine until at least 2013.

Territory said today that it has also unveiled a three-pronged programme to further extend the mine life at its operation at Frances Creek. A budget of **\$4.67 million** has been approved for the 2011 financial year to aggressively explore for and develop iron ore resources both in the near-mine environment and within a 35 km radius of the Frances Creek operation.

### *50% Ore Reserve Upgrade*

The Ore Reserve upgrade follows a re-optimisation of the existing resource inventory after taking into account recent increases in the iron ore price as well as earlier product specification changes, and the inclusion of scalps and low-grade stockpiles. In addition, the Fe cut off grade has been reduced to 50% at all deposits to be consistent with the head grade cut-off at the flag ship Helene 6/7 deposit.

The Company has taken the opportunity created by the new market metrics to change the mining parameters at Frances Creek to access more of the Company’s resource inventory. The new metrics have allowed for a re-assessment of the pit shells and optimisations as higher iron ore prices have allowed access to deeper ore that was previously uneconomic to extract. The new, larger pit shells have higher strip ratios and costs but allow for the Company to increase the value and return on the Resources.

The re-optimisation has resulted in conversion of additional Indicated Mineral Resources to Ore Reserves, increasing the total Probable Ore Reserves at Frances Creek as at 30 June 2010 to **5.69 million tonnes grading 57.8% Fe, 0.10% P, 8.8% SiO<sub>2</sub> and 3.5% Al<sub>2</sub>O<sub>3</sub>**.

This represents an **increase of 50%**, net of mining depletion, compared with the previously reported figure of 3.78 million tonnes grading 60.0% Fe as at 31 March 2010.

Total Indicated and Inferred Mineral Resources as at 30 June 2010, net of mining depletion, have increased to **9.56 million tonnes<sup>1</sup> grading 58.0% Fe and 0.11% P**. This compares with the previously reported figure of 8.58 million tonnes grading 59.3% Fe as at 31 March 2010.

Territory’s Managing Director, Mr Andy Haslam, said he was delighted with the outcome of the re-optimisation, which had enabled the conversion of a significant proportion of Indicated Mineral Resources to Probable Ore Reserves.

*“The updated Ore Reserve inventory will underpin operations at Frances Creek through until at least 2013, providing investors with far greater certainty about the future of the operation,”* Mr Haslam said.



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*“Combined with the outstanding operational and financial turnaround which we have delivered over the past 12 months, this reserve upgrade puts us on a very strong footing for the future, giving us confidence that the Frances Creek operation will continue at current production levels of around 2 million tonnes for up to three years, enabling us to take full advantage of strong iron ore prices.*

*“We have also made it clear that one of our primary corporate objectives is to implement aggressive exploration and acquisition programmes to push the mine life out further to 2014 and beyond,” Mr Haslam continued.*

*“The agreement to explore the highly prospective tenement at McCarthy Hill, announced last week, represents a key part of that programme. We have today announced a \$4.67 million exploration budget for the 2011 financial year to help us achieve our broader objective of adding new resources that will underpin the longer term future of this Company.”*

The McCarthy Hill exploration tenement, which is located 25 km south-east of Frances Creek, 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 tenement holders.

### *Three-Pronged Exploration Program*

The exploration programmes planned for the 2011 financial year include:

#### **1. Mine Site Resource Development Activities – \$1.97M budget**

- *Geotechnical diamond drilling programmes and evaluation of proposed open pit cutbacks at the flagship Helene 6/7, Helene 9 and Helene 11 deposits, as well as Jasmine Central;*
- *Metallurgical diamond drilling programmes at the Saddles Extended and Millers deposits to determine lump: fines specifications;*
- *Geological and structural mapping and sampling programmes to determine the potential for additional mineralisation south of the Helene 10 deposit, positions adjacent to the Rosemary deposit and south to north on the Beryl deposit line;*
- *Completion of RC in-fill and extensional drilling adjacent to current or planned open cuts to facilitate development or upgrade of Mineral Resources;*
- *Ongoing Mineral Resource modelling and re-optimisation studies to support any further resource and reserve upgrades; and*
- *Evaluation and optimisation of the manganiferous Millers deposit to determine the economics of mining.*

#### **2. Regional Frances Creek Mine Exploration – \$1.35M budget**

- *Detailed ground gravity survey programmes north of the Saddles’ deposits;*
- *Helicopter-supported geological mapping and sampling reconnaissance programme over regional tenements;*
- *Follow up geophysical interpretation of ground gravity survey data capture and generation of drilling targets;*
- *Completion of Environmental (flora/fauna) surveys and required Heritage surveys ahead of any planned drilling activities in new areas;*
- *RC and RAB scout drilling programmes targeting new areas identified from geophysical surveys; and*
- *Resource development drilling of prospective iron ore targets identified during the 2010 campaigns.*





### 3. Regional Exploration of External Projects, including McCarthy Hill –\$1.35M budget

- Completion of Environmental and Heritage surveys ahead of planned first-pass scout RC drilling;
- Scout RC drilling programme followed by Mineral Resource modelling;
- Potential in-fill, extensional and further exploratory RC and possibly diamond drilling of the McCarthy Hill Prospect area to prove up further Resources.

**Table 1 - INDICATED & INFERRED MINERAL RESOURCES for FRANCES CREEK as at 30 June 2010**

Reported at 50% Fe cut-off	Indicated Resources			Inferred Resources			Total Resources		
	Tonnes	% Fe	%P	Tonnes	% Fe	% P	Tonnes	% Fe	% P
Helene 3	239,791	60.5	0.09	75,493	55.9	0.11	315,284	59.4	0.10
Helene 5/6/7	4,661,016	58.9	0.10	555,278	58.0	0.12	5,216,294	58.8	0.10
Helene 9	174,846	59.7	0.13	15,088	58.3	0.13	189,935	59.6	0.13
Helene 11	246,836	57.3	0.16	8,709	51.2	0.27	255,545	57.1	0.16
Jasmine Central	875,963	59.9	0.09	96,016	58.6	0.07	971,979	59.8	0.09
Jasmine East	196,914	59.0	0.07	0	-	-	196,914	59.0	0.07
Ochre Hill	103,838	58.2	0.43	10,531	56.7	0.55	114,369	58.1	0.45
Saddle East	-	-	-	101,131	58.7	0.08	101,131	58.7	0.08
Thelma 01	11,759	59.9	0.13	314,397	58.3	0.14	326,156	58.4	0.14
Thelma-Rosemary <sup>(1)</sup>	474,646	57.5	0.17	334,310	58.2	0.16	808,956	57.8	0.17
Scalps Stockpiles	688,675	50.9	0.12	-	-	-	688,675	50.9	0.12
Low Grade Stockpiles	379,275	52.3	0.09	-	-	-	379,275	52.3	0.09
<b>Total</b>	<b>8,053,559</b>	<b>57.9</b>	<b>0.11</b>	<b>1,510,954</b>	<b>58.1</b>	<b>0.13</b>	<b>9,564,513</b>	<b>58.0</b>	<b>0.11</b>

(1) - amalgamates Thelma Rosemary and Rosemary Deposits

\* Resources are JORC compliant; cut-off used is 50% Fe

Manganiferous Iron Resource	Indicated Resources			Inferred Resources			Total Resources		
	Tonnes	% Fe	%P	Tonnes	% Fe	% P	Tonnes	% Fe	% P
Millers <sup>(1)</sup>	1,269,944	53.2	0.11	10,301	52.02	0.18	1,280,245	53.2	0.11
<b>Total</b>	<b>1,269,944</b>	<b>53.2</b>	<b>0.11</b>	<b>10,301</b>	<b>52.0</b>	<b>0.18</b>	<b>1,280,245</b>	<b>53.2</b>	<b>0.11</b>

(1) - cut-off grade used is 50% (Fe + Mn)

\* Resources are JORC compliant; cut-off used is 50% (Fe + Mn)

**Table 2 - Probable Ore Reserves at Frances Creek as at 30 June 2010**

Reported at 50% Fe cut-off	Probable Ore Reserves				
	Tonnes	Fe %	P %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %
Helene 3	61,016	61.9	0.08	6.9	2.7
Helene 5/6/7*	3,080,909	59.3	0.09	8.9	3.7
Helene 9*	158,749	59.8	0.13	5.9	2.4
Helene 11*	200,076	57.7	0.15	7.8	3.8
Jasmine Central*	750,104	60.1	0.09	9.5	2.6
Jasmine East	132,238	59.6	0.07	7.8	3.5
Ochre Hill	-	-	-	-	-
Thelma-Rosemary	244,340	58.2	0.16	8.7	4.4
Scalps Stockpiles	688,675	50.9	0.12	-	-
Low Grade Stockpiles	379,275	52.3	0.09	-	-
<b>Total</b>	<b>5,695,381</b>	<b>57.8</b>	<b>0.10</b>	<b>8.8</b>	<b>3.5</b>

\* Ore Reserves derived from single optimised pit shell

Note 1. Head Grades shown

Note 2. There are no Proven Reserves



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- ENDS -

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**On behalf of:**  
**Andy Haslam**  
**Managing Director**  
**Territory Resources Ltd**  
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## **Competent Person's Statement**

*The information in this report that relates to Ore Reserves is based on information compiled by Mr Marek Wydmanski, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Territory Resources Limited. Mr Wydmanski has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 and Ore Reserves'. Mr Wydmanski consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to Mineral Resources is based on information compiled by Mr Luke Cox, who is a Member of the Australasian Institute of Mining and Metallurgy, and is a full-time employee of Territory Resources Limited. Mr Cox 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 Cox consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*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 Australasian 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.*

## **<sup>1</sup>Reserves and Resources**

*Frances Creek currently has 9.6 million tonnes of Inferred and Indicated Mineral Resources of which 1.5 million tonnes are Inferred and 8.1 million tonnes are Indicated. These resources are inclusive of the resources modified to produce the Company's 5.69 million tonnes of Probable Ore Reserves*

## **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.*

## **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.*



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