Territory Resources Limited

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22 September 2010

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

Dear Sir/Madam

Territory Extends Frances Creek Mine Life with a further Boost in Ore 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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Media/ASX Release **22 September 2010**

Territory Extends Frances Creek Mine Life with a further Boost in Ore Reserves

Territory Targets Further Reserve Additions to extend mine life beyond 2014

Australian iron ore producer Territory Resources Limited (ASX: **TTY** – "Territory" or "the Company") is pleased to advise that ongoing Mineral Resource modelling, estimation and re-optimisation studies have led to further increases in the Mineral Resource and Ore Reserve inventories at the 2Mtpa **Frances Creek** Iron Ore Mine in the Northern Territory.

The work has extended the mine life that will underpin continued operations at the mine until at least the end of 2013.

Mineral Resource and Ore Reserve Upgrades

The Mineral Resource and Ore Reserve upgrades follow a detailed re-evaluation of the **Jasmine** and **Thelma** Deposit areas, including maiden Resources and Reserves for the **Jasmine West** deposit, maiden Ore Reserves and an upgrade of Resources for the **Thelma 1** deposit, a maiden Resource for the **Jasmine Bridge** deposit, an updated Resource for the **Jasmine East** deposit and upgrades to existing Resources and Reserves for the **Jasmine Central** deposit.

The large **Helene** Deposit area is also undergoing significant re-evaluation and results of this work will be released when the study is finalised.

The Company is now incorporating the clear geological structural control of iron ore shoots noted at Frances Creek in re-estimates of Mineral Resources, leading to far more robust ore block models, which reconcile well with open pit grade control drilling data available at the operation.

Additionally, Territory is presently RC drill testing down-plunge positions of identified iron ore mineralisation at the **Jasmine** and **Helene** prospects with encouraging widths and continuity of high grade mineralisation being observed. Assay results are pending for these programmes.

The total Probable Ore Reserves at Frances Creek as at 31 August 2010 have increased to **6.00 million tonnes**[1] **grading 57.9% Fe, 0.10% P, 8.6% SiO_2 and 3.6% Al_2O_3**.

This represents an increase of 5.5%, net of mining depletion, compared with the previously reported figure of 5.69 million tonnes grading 57.8% Fe as at 30 June 2010.

Total Indicated and Inferred Mineral Resources as at 31 August 2010, net of mining depletion, have increased to **10.06 million tonnes**[1] **grading 58.1% Fe and 0.11% P**. This compares with the previously reported figure of 9.56 million tonnes grading 58.0% Fe as at 30 June 2010.

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

"*This is a work in progress and I expect to see further additions to the reserve inventory from ongoing optimisation work and the drilling currently being undertaken. We have a new and energetic geological team on board who have a fresh and exciting view of the local geology at Frances Creek. The updated*

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

"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 and we will be in a position to announce current drilling assays in the near future," Mr Haslam continued.

Table 1 - INDICATED & INFERRED MINERAL RESOURCES for FRANCES CREEK as at 31 August 2010

Reported at 50% Fe cut-off	Indicated Resources				Inferred Resources				Total Resources			
	Million Tonnes	Tonnes	% Fe	%P	Million Tonnes	Tonnes	% Fe	% P	Million Tonnes	Tonnes	% Fe	% P
Helene 3	0.19	186,209	60.0	0.10	0.07	69,391	55.7	0.11	0.26	255,600	58.8	0.10
Helene 5/6/7	4.49	4,493,280	58.9	0.10	0.55	552,891	58.0	0.12	5.05	5,046,172	58.8	0.10
Helene 9	0.17	174,846	59.7	0.13	0.02	15,088	58.3	0.13	0.19	189,935	59.6	0.13
Helene 11	0.25	246,836	57.3	0.16	0.01	8,709	51.2	0.27	0.26	255,545	57.1	0.16
Jasmine Central	0.94	942,248	59.4	0.09	0.12	118,980	58.5	0.08	1.06	1,061,228	59.3	0.09
Jasmine East	0.14	136,287	57.8	0.09	-	-	-	-	0.14	136,287	57.8	0.09
Jasmine West	0.27	269,412	59.2	0.05	0.10	98,457	62.1	0.07	0.37	367,869	60.0	0.06
Jasmine Bridge	-	-	-	-	0.06	57,133	57.5	0.15	0.06	57,133	57.5	0.15
Ochre Hill	0.10	103,838	58.2	0.43	0.01	10,531	56.7	0.55	0.11	114,369	58.1	0.45
Saddle East	-	-	-	-	0.10	101,131	58.7	0.08	0.10	101,131	58.7	0.08
Thelma 1	0.53	532,944	60.8	0.12	0.05	52,529	57.7	0.09	0.59	585,473	60.5	0.12
Thelma-Rosemary (1)	0.47	474,646	57.5	0.17	0.33	334,310	58.2	0.16	0.81	808,956	57.8	0.17
Scalps Stockplies	0.72	716,151	50.9	0.12	-	-	-	-	0.72	716,151	50.9	0.12
Low Grade Stockpiles	0.37	367,756	52.3	0.09	-	-	-	-	0.37	367,756	52.3	0.09
Total	**8.64**	**8,644,453**	**58.0**	**0.11**	**1.42**	**1,419,151**	**58.2**	**0.12**	**10.06**	**10,063,604**	**58.1**	**0.11**

(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			
	Million Tonnes	Tonnes	% Fe	%P	Million Tonnes	Tonnes	% Fe	% P	Million Tonnes	Tonnes	% Fe	% P
Millers (1)	1.27	1,269,944	53.2	0.11	0.01	10,301	52.02	0.18	1.28	1,280,245	53.2	0.11
Total	**1.27**	**1,269,944**	**53.2**	**0.11**	**0.01**	**10,301**	**52.0**	**0.18**	**1.28**	**1,280,245**	**53.2**	**0.11**

(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 20 September 2010

Reported at 50% Fe cut-off	Probable Ore Reserves				
	Tonnes	Fe %	P %	SiO_2 %	Al_2O_3 %
Helene 3	7,488	60.3	0.08	8.4	3.3
Helene 5/6/7*	2,913,174	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*	818,940	59.5	0.09	9.1	3.1
Jasmine East	60,627	58.9	0.07	8.4	3.8
Jasmine West*	165,519	60.1	0.05	8.3	3.3
Ochre Hill	-	-	-	-	-
Thelma-Rosemary	244,340	58.2	0.16	8.7	4.4
Thelma 01*	349,509	60.9	0.12	5.9	3.6
Scalps Stockpiles	716,151	50.9	0.12	-	-
Low Grade Stockpiles	367,756	52.3	0.09	-	-
Total	6,002,329	57.9	0.10	8.6	3.6

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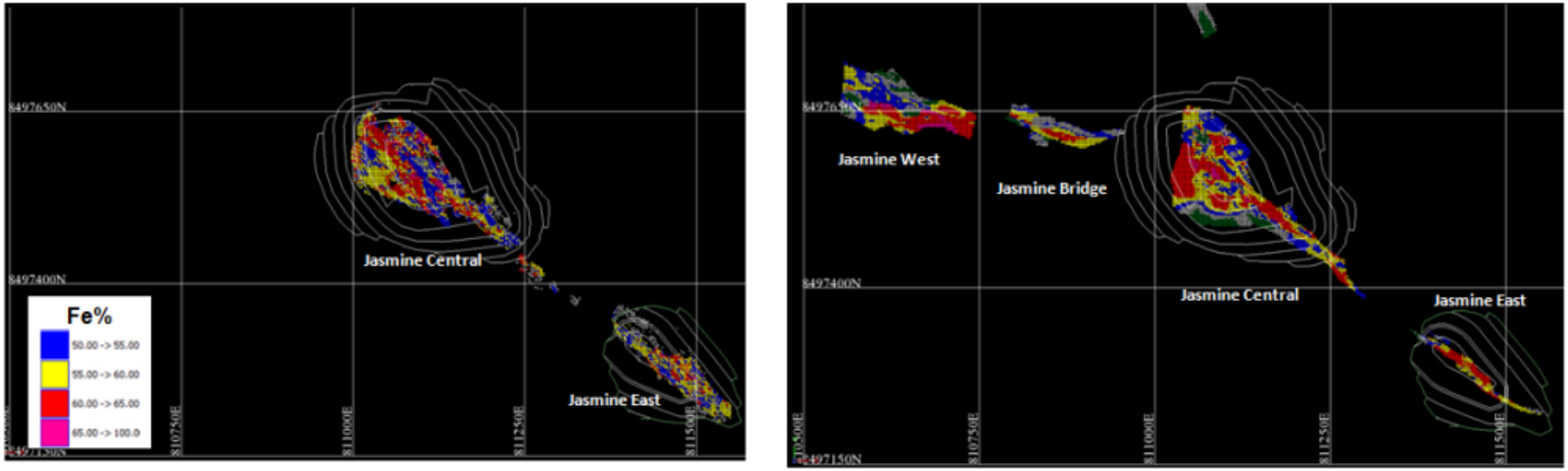
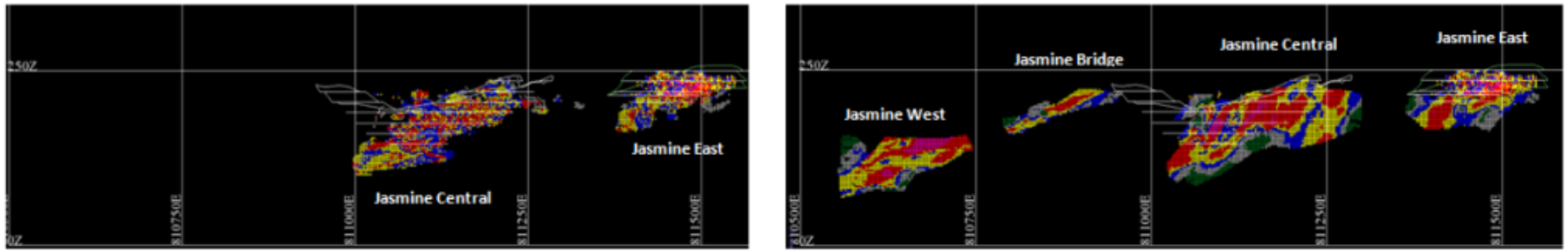
JASMINE PROJECT AREA

Plan Views



Long Sections



August 2009 Resource Models

September 2010 Resource Models

Figure 1. Comparison of Jasmine Resource Models – showing shoot plunge control for updated estimates

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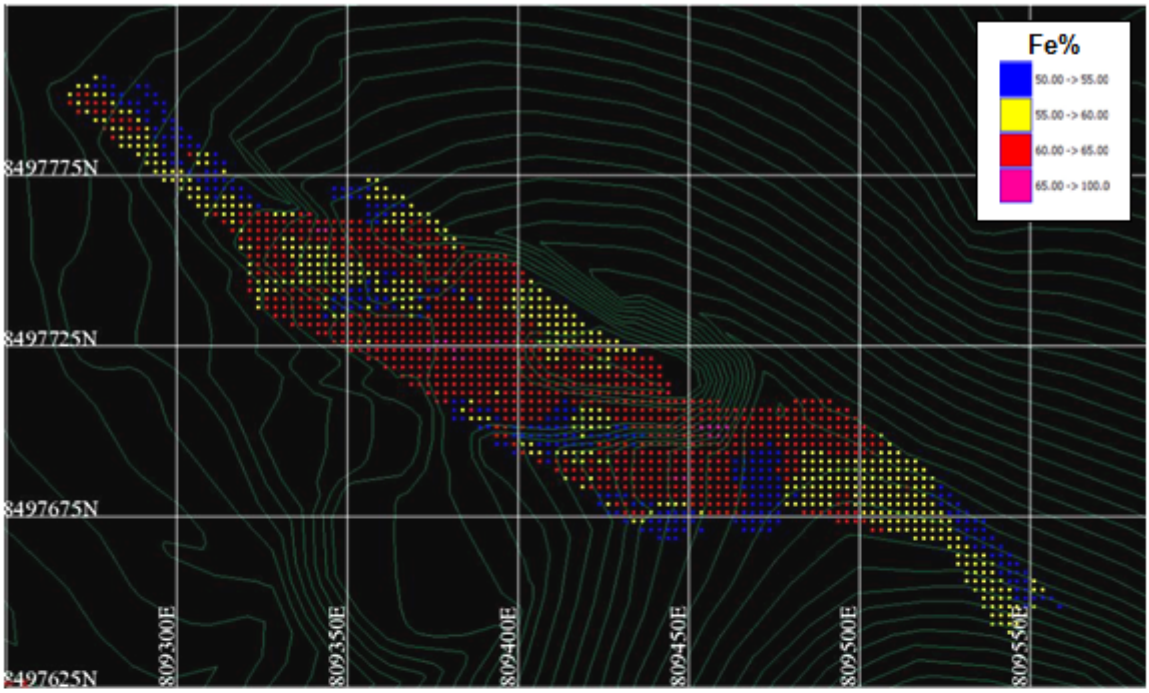
THELMA 1 PROJECT AREA

Thelma 1 Deposit Plan View



Thelma 1 Deposit Long Section

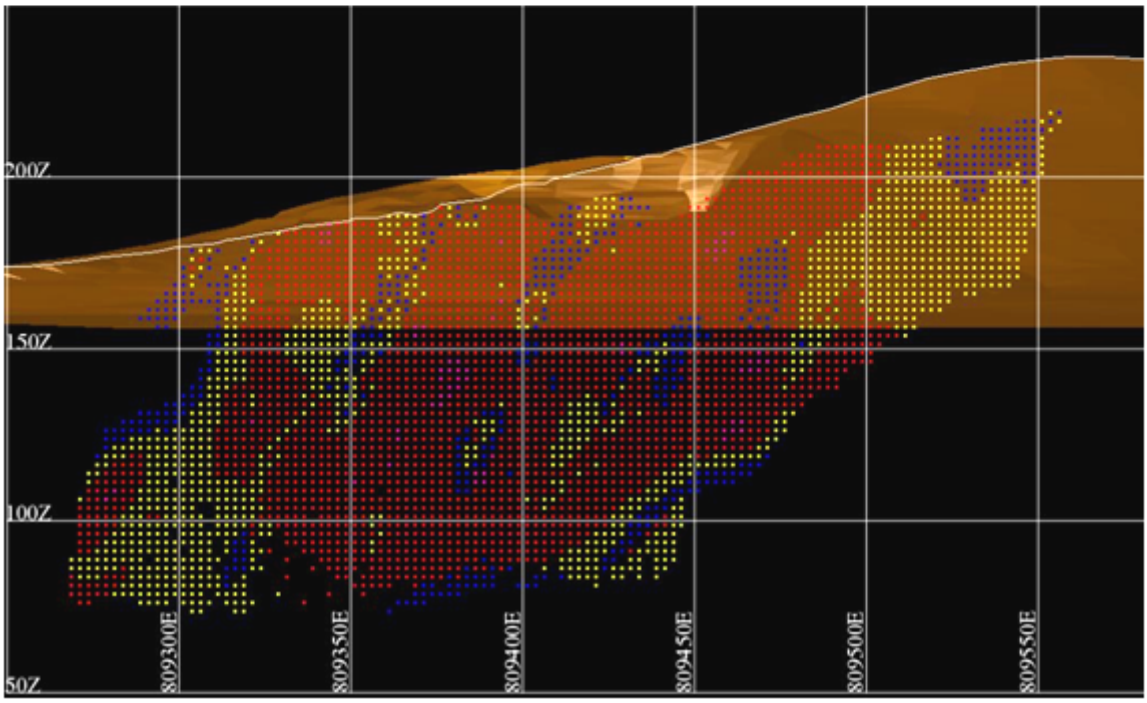


Figure 2. Updated Thelma 1 Deposit Resource Model showing ore shoot control

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- ENDS -

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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 Resources 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 for Helene 3, Helene 5/6/7, Helene 9, Helene 11, Ochre Hill, Saddle East, Thelma-Rosemary, Scalps Stockpiles and Low Grade Stockpiles is based on information compiled by Mr Luke Cox, who is a Member of the Australian Institute of Geoscientists, 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 Mineral Resources for Jasmine Central, Jasmine East, Jasmine West and Thelma 1 is based on information compiled by Mr Mark Nelson, who is a Member of the Australian Institute of Mining and Metallurgy, and is a full-time employee of Territory Resources Limited. Mr Nelson 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 Nelson 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 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.

[1]***Reserves and Resources***

Frances Creek currently has 10.06 million tonnes of Inferred and Indicated Mineral Resources of which 1.4 million tonnes are Inferred and 8.6 million tonnes are Indicated. These Mineral Resources are inclusive of the Resources modified to produce the Company's 6.00 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.