Territory Resources Limited

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1 June 2009

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

Dear Sir/Madam

Territory Delivers 112% Resource Upgrade for Flagship Deposit at Frances Creek

Attached is a Media Release in regard to the above.

Yours sincerely,

Patrick McCole
Company Secretary

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Media/ASX Release **1 June 2009**

Territory Delivers 112% Resource Upgrade for Flagship Deposit at Frances Creek

Helene 6/7 Resource Increased by 2.2Mt to 4.1Mt Grading 59.5% Fe

Territory Resources Limited (ASX: TTY – "Territory" or "the Company") is pleased to announce a **112% increase** in the resource estimate for its flagship **Helene 6/7 Deposit**, the principal source of high-grade ore at its 100%-owned Frances Creek Iron Ore Mine, located 200 km south of Darwin in the Northern Territory.

The JORC-compliant Indicated and Inferred Resource has increased by 2.2 million tonnes to **4.1 million tonnes at an average grade of 59.5% Fe**, as detailed in the table below:

Table 1 – JORC Compliant Resource Report for Helene 6/7 Deposit – June 2009

Helene 6/7 Resource Report at 50% Fe Cut-Off Grade								
Class	**Tonnes (Mt)**	**Fe (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**P (%)**	**Mn (%)**	**LOI (%)**	**Density (g/cm3)**
Indicated	**3.72**	**59.53**	**8.54**	**3.65**	**0.09**	**0.07**	**1.52**	**3.25**
Inferred	**0.39**	**58.68**	**9.02**	**3.83**	**0.11**	**0.08**	**1.47**	**3.25**
Total	**4.11**	**59.45**	**8.58**	**3.67**	**0.09**	**0.07**	**1.51**	**3.25**

The Company has re-modelled the Helene 6/7 deposit incorporating the results from successful Reverse Circulation drilling reported earlier this year (see ASX Announcement of 17 April 2009) and previously modelled data.

The substantial tonnage increase is a result of a new geological interpretation after drilling confirmed that high-grade microplaty hematite mineralisation extends at depth and adjacent to the previously identified resource. In addition, the Fe cut-off grade has been reduced to 50% to give a reported head grade that is closer to the shipping specifications.

The resource has been increased from the previously reported figure for the Helene 6/7 Deposit of 1.9 Mt @ 61.4% Fe.

Territory's Managing Director, Andy Haslam, said the updated resource for Helene 6/7 represented the first significant outcome of the Company's highly successful ongoing exploration programme at Frances Creek, which is currently focusing on existing deposits and near-mine targets.

"This is a strategically important result as Helene 6/7 is our major source of high-grade ore at Frances Creek," Mr Haslam said. "The additional high-grade material now available can be blended with lower grade ore sources to deliver a shippable product, potentially bringing other deposits into our production profile.

"In itself, this represents an important step towards achieving our exploration objectives for 2009 of replacing annual production and delineating a further 4-5 million tonnes in resources," Mr Haslam continued.

"The exploration results have dramatically changed our understanding of the Helene 6/7 deposit geology" he said. "The new drilling has shown that the deposit remains open at depth and the mineralization is robust below the current pit design, and extending north to join with the Helene 5 mining area."

Recent changes to ore management and processing at Frances Creek has allowed lower grade material to be incorporated into the processing stream, dramatically lowering production costs and enabling a lower cut-off grade (50% Fe) to be employed in this area of the resource.

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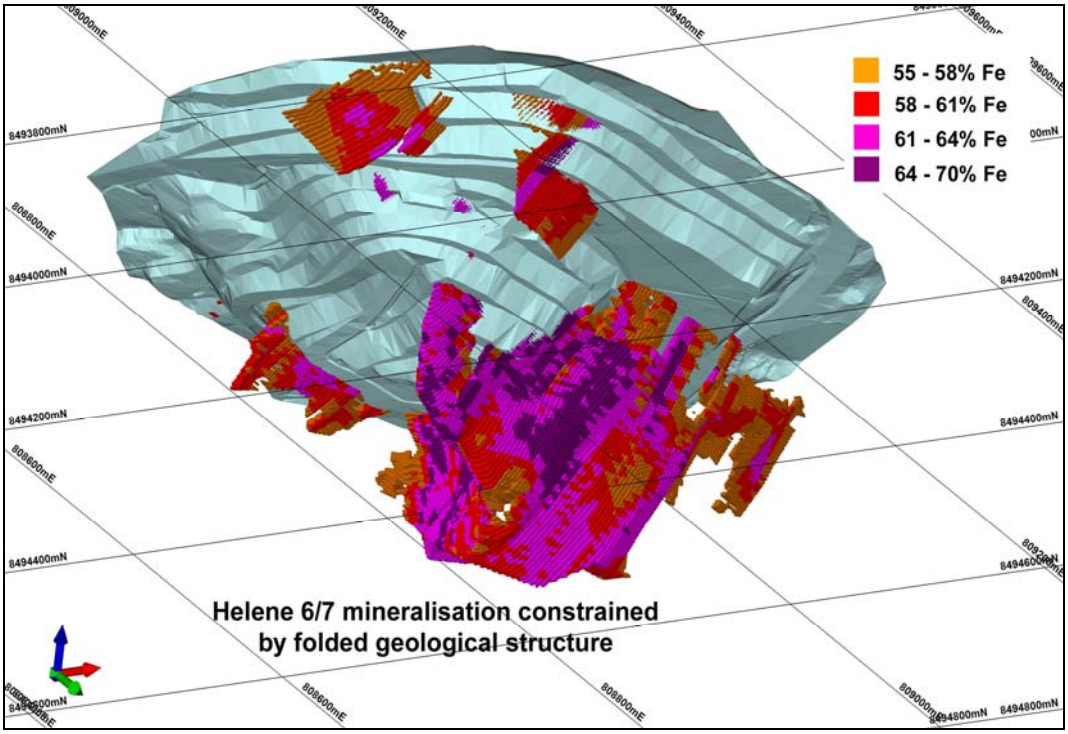

Figure 1: Previous model with remaining resource below the current Helene 6/7 pit floor constrained by an interpreted fold. Block model loaded for material Fe>55%.

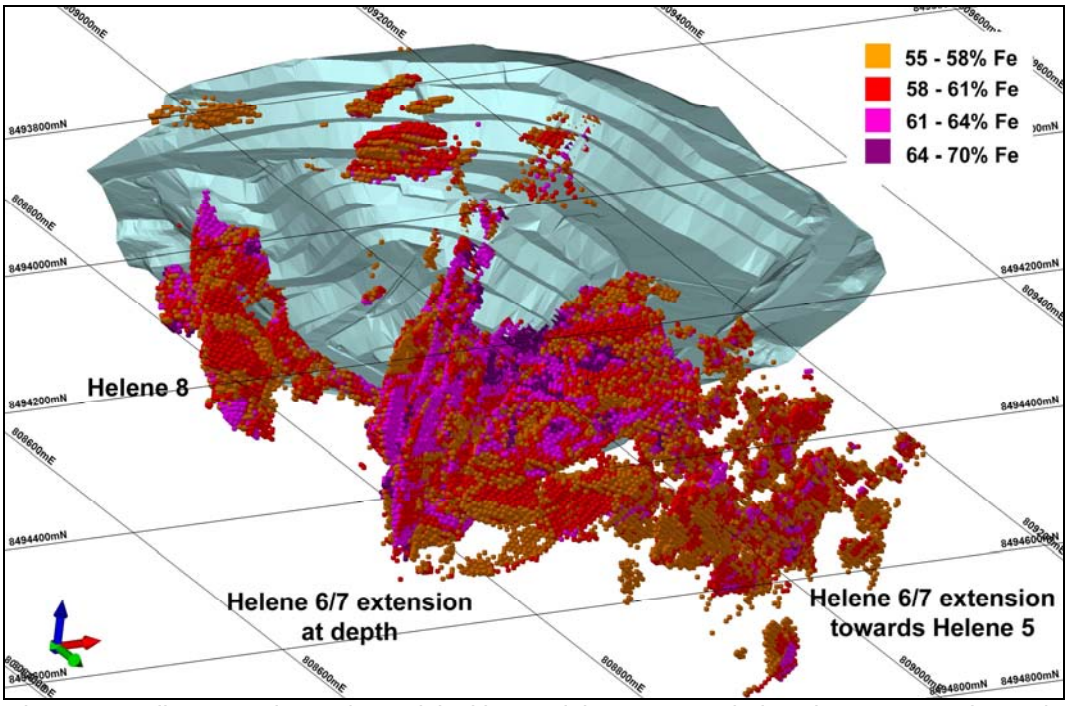

Figure 2: April 2009 Helene 6/7 model with remaining resource below the current Helene 6/7 pit floor now unconstrained by geological folding. Additional mineralisation extends west to Helene 8 deposit (included in the Helene 6/7 resource report) and north to Helene 5 deposit (a separate resource report). Block model loaded for material Fe>55%.

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Model Optimisation and Pit Design Work

The new Helene 6/7 model is currently being optimized to assess the economics of extracting the newly identified mineralisation. After mine planning and mine design work, a new Helene 6/7 ore reserve will be generated and released to the market.

New Automated Reverse Circulation Drilling Rig On-Site

A new track-mounted Schramm T685GC Reverse Circulation drilling rig supplied by Swick Mining Services is now on site for continued evaluation of deep mineralisation at Helene 6/7 and other Frances Creek ore bodies. The rig, with automatic rod handling, is at the cutting edge of drilling technology and safety, and is expected to dramatically increase drilling efficiency.

- ENDS -

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On behalf of:
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Chairman
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Competent Person's Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Ian Hassall, who is a Member of the Australian Institute of Mining and Metallurgy, and is a full-time employee of Territory Resources Limited. Mr Hassall 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 Hassall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Appendix 1: Resource Assumptions and Methodology

- Samples were collected using cut diamond core, percussion drill chips, and reverse circulation drill chips split using 3 stage riffle splitters and (since September 2008) cone splitters;
- Reverse circulation samples were collected at 1 metre intervals, logged for lithology, and assayed depending on identified iron mineralogy. All mineralized intervals were assayed at 1 metre increments, along with waste 5 metres either side of mineralized horizons;
- QAQC duplicates were taken at 20 metre intervals, and standards were inserted at 20 metre intervals;
- Laboratory duplicates are submitted at a rate of 10%, with 1 in 10 samples returned to the laboratory for re-assay;
- Samples are submitted to Northern Territory Environmental Laboratories for drying, splitting, pulverizing, and analysis using XRF and TGA analysis;
- Samples are analysed by XRF for Fe, Fe2O3, Al2O3, CaO, K2O, MgO, Mn, P, P2O5, S, SO3, SiO2, TiO2, V2O5; and LOI by TGA;
- Drilling data is comprised of diamond, reverse circulation, and historical percussion holes stored in a validated Territory-developed SQL database;
- Geological domains were determined from logging and geostatistical interpretation of database results. Composites were made at 1 metre downhole intervals and flagged with their respective Geological domain for statistical evaluation and estimation.
- The resource model used 10mN x 10mE x 2.5mRL blocks with 2.5m sub blocks for edge definition.
- An Ordinary Kriging interpolation method was used for the Helene 67 resource estimation for Fe, SiO_2, Al_2O_3, P, Mn, and LOI.
- Average Dry Bulk Density of 3.25 was assigned for mineralized material above 50% Fe based on 1Mt of mining reconciliation data.

Appendix 2: Resource Tonnage – Grade Curve and Data

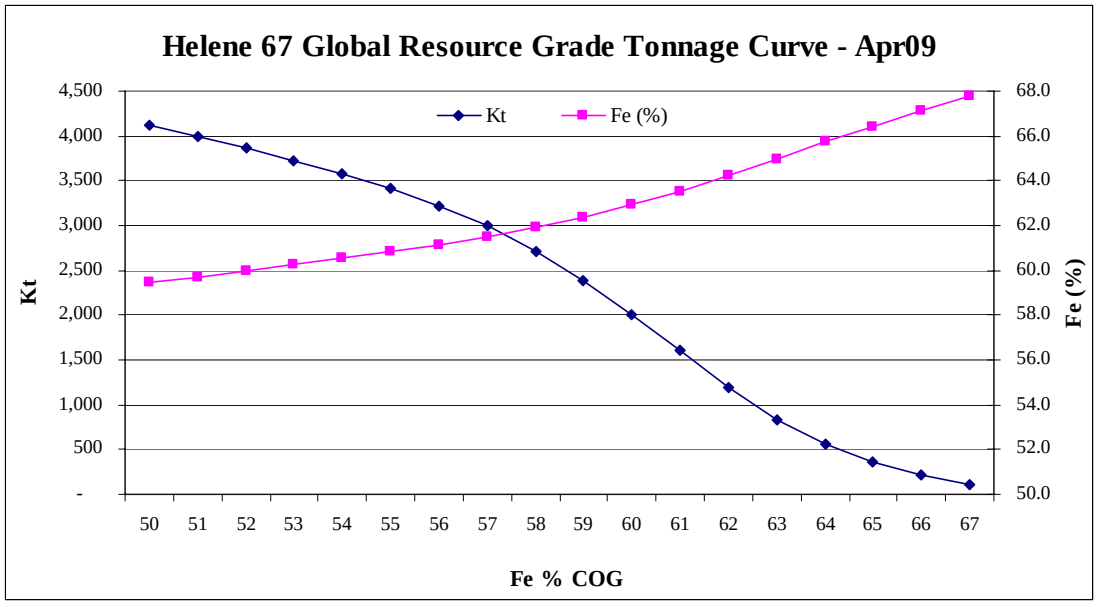

Figure 3: Apr09 Helene 6/7 grade tonnage curve.