



Territory Resources Limited

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25 November 2010

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

Dear Sir/Madam

Drilling Commences at McCarthy Hill Prospect

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

25 November 2010

Drilling Commences at McCarthy Hill Prospect

Initial 2,500m of RC drilling planned to test rock sequences similar to Frances Creek Iron Ore Mine

Australian iron ore producer Territory Resources Limited (ASX: **TTY** – “Territory” or “the Company”) is pleased to advise that a program of Reverse Circulation (RC) drilling has commenced at the **McCarthy Hill** prospect, located 25km south-east of its 2Mtpa Frances Creek Iron Ore Mine in the Northern Territory.

The minimum 2,500m RC drilling programme is designed to test the central portion of the 36.7 sq km tenement, EL22440, which is one of Territory’s priority regional exploration targets in the Frances Creek area, because of the presence of significant indications of high-grade hematite mineralisation similar to that at Frances Creek.

The McCarthy Hill tenement also contains a folded rock sequence with strong geological similarities to the host rock sequence of the flagship Helene 6/7 deposits, the main source of high-grade hematite at the Frances Creek Mine.

The commencement of drilling follows the successful re-issue by the Aboriginal Areas Protection Authority (AAPA) of an Authority Certificate for the McCarthy Hill tenement area. This Authority Certificate allows the Company to complete first-pass RC drilling over a restricted (but very prospective) portion of the tenement.

Territory has today executed a Target Minerals Exploration Agreement (for iron ore and manganese mineralisation) with the private syndicate which owns the tenement formalising the agreement reached with the syndicate, as previously announced earlier this year. This agreement secures the right to explore and potentially develop the McCarthy Hill Project as part of a series of near-mine and regional exploration initiatives designed to extend the mine life of the Frances Creek operation beyond 2014.

The key elements of the agreement with the private syndicate include:

- Territory to fund the costs of all exploration and development activities;
- 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 economic resources have been defined; and
- The payment of a 2% gross sales royalty to the syndicate on future Target Mineral production from the tenement.

Results from the current RC drilling program will be reported as they come to hand.

- ENDS -

Released by:
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On behalf of:
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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 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.

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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