

6 September 2006

Australian Stock Exchange Limited
Company Announcements
Level 10, 20 Bond Street
SYDNEY NSW 2000

No of Pages: 2

Re: Iron Ore Haulage Agreement

Please find enclosed an announcement outlining an agreement for the carrying of iron ore from Territory Iron's Frances Creek mine to the port of Darwin.

A handwritten signature in blue ink, appearing to read "D. Stewart".

Doug Stewart
Managing Director

IRON ORE HAULAGE AGREEMENT

Territory Iron and Freight Link agree in principle on Iron Ore haulage.

Territory Iron Ltd and Freight Link Pty Ltd (“Freight Link”) have reached an agreement in principle whereby FreightLink will provide services to carry iron ore to the port of Darwin along the Darwin to Adelaide rail line which is close to the Frances Creek mine. It is anticipated that the agreement will be executed by the end of September 2006. The execution of the agreement will pave the way for ordering of the requisite rolling stock which has an anticipated delivery time of 8 months. On this basis, it is expected that a startup date for railing iron ore will be July 2007. Shipping will follow one month later.

In order to meet this schedule, mining at Frances Creek is anticipated to commence in February 2007 with stockpiling of ore at the mine and rail.

This activity will significantly increase the tonnes carried on the Adelaide to Darwin rail line and assist in the revival of the previously mined Frances Creek iron ore mine.

Freight Link will provide services to carry up to 1.5 million tonnes of iron ore annually between a new siding to be established on the existing line at a point some 15km from the Frances Creek project. The iron ore will be carried to the port of Darwin where modern bulk handling facilities have commenced construction and are being completed by year end to accommodate the growing volume of mineral exports to Asia and beyond. Darwin is the closest port to the burgeoning Chinese market.

Freight Link is the operator of the Adelaide to Darwin railway line and is the major provider of general freight services along the corridor.

Territory Iron is a mining company which is in the process of reviving the Frances Creek iron ore mine in the Northern Territory. The mine is located some 180km south of Darwin and 15km from the rail line.