

Ref: *TFE ASX Drilling update 18 Jul 06 final*

19 July 2006

**No of Pages: 4**

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

Re: **Territory Iron Update – Drilling Results**

Please find enclosed an announcement providing an update on Territory Iron's Frances Creek iron ore project in the Northern Territory.

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

Doug Stewart  
Managing Director

## **ASX RELEASE – 18 JULY 2006**

### **Drilling Results confirm Additional Resource Tonnage at Frances Creek**

Significant drill intercepts of haematite continue to flow from Territory Iron's 2006 exploration programme which commenced in late April.

A total of 51 RC holes for 2,233m were drilled between 6 June and 30 June. A total of 157 holes for 8,627m have now been drilled since commencement of drilling on 18 April.

#### **Helene 6/7**

At Helene 6/7, drilling which intersected significant extensions to the 680,000 tonnes orebody outlined from last year's drilling continues to demonstrate the high grade nature of ore there. Best results include **37m @ 67.4% Fe** from 38m depth in hole HERC079, **20m @ 64.6% Fe** from 53m depth in hole HERC064 and **18m @ 63.8% Fe** from 88m in hole HERC061. Detailed results are given in the attached table.

These extensions lie to the north and south of the previously mined pit and are expected to contribute substantially to the resource at Helene 6/7. Mineralisation remains open to the north and drilling is continuing there.

#### **Helene 2 to Helene 4**

Further success is being achieved from the Helene 2 to Helene 4 ironstone line of mineralisation. Best results include **19m @ 67.6% Fe** from 10m depth in hole FCRC209, **19m @ 6.2% Fe** from 10m depth in hole FCRC216 and **18m @ 65.5% Fe** from 5m in hole FCRC220. Detailed results are given in the attached table. Material from this area has not been included in Resource estimates to date and significant contribution to the Resource is expected from here.

#### **Helene 11**

In a limited drill campaign at Helene 11 prospect, high grade iron was intersected over relatively narrow widths. Best intersection was 7m a 64% Fe from 6m depth. This area which has a considerable strike length will be investigated more fully later in the program.

#### **Thelma Rosemary**

The deeper drilling at Thelma Rosemary indicates that depth extensions are narrow so additional resources will be drilled for along strike in future programs.

#### **Jasmine East**

Current drilling is underway at Jasmine East and visual assessments are showing significant extensions to known mineralisation in that deposit.

Snowden resource consultants are currently updating the Helene 6/7 orebody model.

## TERRITORY IRON Limited

### Drill Assay Results to 17 July– Frances Creek Iron Ore Project

#### BEST RESULTS

	Hole_ID	From	To	Interval	%Fe	%P	% Al2O3	SiO2	LOI
<i>Helene 6/7</i>	HERC079	38	75	37	67.44	0.02	0.82	1.96	0.44
<i>Helene 6/6</i>	HERC046	90	117	27	64.14	0.03	2.07	4.61	0.75
<i>Helene 6/7</i>	HERC064	53	73	20	64.59	0.04	1.95	4.14	0.87
<i>Helene 6/7</i>	HERC061	88	106	18	63.79	0.02	2.03	5.46	0.67
<i>Helene 6/7</i>	HERC063	128	145	17	65.19	0.03	1.40	4.11	0.49
<i>Helene 6/7</i>	HERC077	84	101	17	64.34	0.03	1.98	4.94	0.68
<i>Helene 6/7</i>	HERC057	40	53	13	64.56	0.06	1.83	4.37	0.80
<i>Helene 6/7</i>	HERC062	66	79	13	65.26	0.04	1.57	4.10	0.46
<i>Helene 6/7</i>	HERC047	75	87	12	65.40	0.03	1.46	3.72	0.52
<i>Helene 6/7</i>	HERC055	45	57	12	61.32	0.09	2.43	8.06	1.08
<i>Helene 6/7</i>	HERC056	0	11	11	66.11	0.04	1.38	2.85	0.68
<i>Helene 6/7</i>	HERC054	15	25	10	66.07	0.04	1.56	2.76	0.69
<i>Helene 6/7</i>	HERC075	47	57	10	59.94	0.06	3.80	8.14	1.04
<i>Helene 1 to 4</i>	FCRC209	10	29	19	67.58	0.04	0.73	1.60	0.50
<i>Helene 1 to 4</i>	FCRC216	10	29	19	62.19	0.12	3.34	5.13	1.33
<i>Helene 1 to 4</i>	FCRC220	5	23	18	65.55	0.08	1.69	2.64	0.96
<i>Helene 1 to 4</i>	FCRC205	13	29	16	67.61	0.07	0.72	1.10	0.68
<i>Helene 1 to 4</i>	FCRC213	31	47	16	66.79	0.07	1.25	2.28	0.54
<i>Helene 1 to 4</i>	FCRC207	11	27	16	65.99	0.06	1.55	2.19	0.80
<i>Helene 1 to 4</i>	FCRC198	24	38	14	58.04	0.07	4.43	9.46	1.22
<i>Helene 1 to 4</i>	FCRC221	8	19	11	65.38	0.11	1.66	2.80	0.93
<i>Thelma Rosemary</i>	TRRC097	94	108	14	59.80	0.15	4.11	6.95	1.68
<i>Thelma Rosemary</i>	TRRC088	108	118	10	60.84	0.13	3.65	6.66	1.38

#### OTHER RESULTS

	Hole_ID	From	To	Interval	%Fe	%P	% Al2O3	SiO2	LOI
<i>Helene 1 to 4</i>	FCRC204	44	53	9	63.62	0.11	2.34	4.14	1.41
<i>Helene 1 to 4</i>	FCRC206	10	19	9	60.49	0.09	4.09	6.43	1.48
<i>Helene 1 to 4</i>	FCRC208	5	13	8	66.57	0.05	1.12	2.58	0.53
<i>Helene 1 to 4</i>	FCRC218	37	45	8	64.00	0.08	1.30	5.57	0.61
<i>Helene 1 to 4</i>	FCRC212	22	29	7	65.38	0.09	2.13	2.73	0.83
<i>Helene 1 to 4</i>	FCRC219	14	20	6	65.46	0.10	1.57	3.44	0.75
<i>Helene 1 to 4</i>	FCRC214	52	58	6	65.38	0.14	1.24	3.66	0.92
<i>Helene 1 to 4</i>	FCRC215	14	20	6	62.98	0.09	2.70	4.99	1.08
<i>Helene 1 to 4</i>	FCRC210	31	35	4	67.86	0.06	0.72	0.91	0.65
<i>Helene 1 to 4</i>	FCRC213	52	56	4	66.50	0.07	0.83	3.38	0.53
<i>Helene 1 to 4</i>	FCRC222	38	42	4	62.45	0.17	3.51	4.43	1.31
<i>Helene 1 to 4</i>	FCRC211	57	60	3	64.17	0.08	1.87	3.66	1.13
<i>Helene 1 to 4</i>	FCRC201	29	32	3	62.22	0.10	3.23	4.77	1.28
<i>Helene 5</i>	FCRC175	43	51	8	62.63	0.22	1.82	5.53	1.92
<i>Helene 5</i>	FCRC183	37	45	8	59.15	0.18	3.35	8.83	1.68
<i>Helene 5</i>	FCRC181	66	72	6	61.34	0.07	4.22	5.90	1.67
<i>Helene 5</i>	FCRC185	64	69	5	61.00	0.05	3.30	7.53	0.92
<i>Helene 5</i>	FCRC176	31	35	4	62.53	0.17	2.67	4.87	1.10
<i>Helene 5</i>	FCRC181	50	54	4	61.83	0.33	2.83	4.76	2.12
<i>Helene 5</i>	FCRC187	101	105	4	60.22	0.18	2.86	7.18	1.12
<i>Helene 5</i>	FCRC178	29	33	4	60.15	0.09	3.34	7.80	1.65

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	Hole_ID	From	To	Interval	%Fe	%P	% Al2O3	SiO2	LOI
<i>Helene 5</i>	FCRC179	46	49	3	62.91	0.21	2.37	5.09	1.62
<i>Helene 5</i>	FCRC182	34	36	2	62.24	0.14	2.69	5.61	1.37
<i>Helene 5</i>	FCRC186	104	106	2	62.07	0.14	2.58	6.55	0.97
<i>Helene 5</i>	FCRC179	56	58	2	61.14	0.10	3.64	6.88	1.55
<i>Helene 6/7</i>	HERC063	103	112	9	63.18	0.02	1.86	6.29	0.60
<i>Helene 6/7</i>	HERC058	47	55	8	61.04	0.07	3.73	6.40	1.17
<i>Helene 6/8</i>	HERC045	82	88	6	58.52	0.03	3.23	11.01	0.86
<i>Helene 6/7</i>	HERC065	20	25	5	63.74	0.04	2.48	4.69	0.90
<i>Helene 6/7</i>	HERC066	24	27	3	66.72	0.03	0.97	2.74	0.50
<i>Helene 6/7</i>	HERC058	38	41	3	65.88	0.02	1.10	4.19	0.30
<i>Helene 6/7</i>	HERC067	20	23	3	63.78	0.05	2.95	4.09	0.96
<i>Helene 6/7</i>	HERC062	60	63	3	59.38	0.04	3.62	9.11	1.00
<i>Helene 6/8</i>	HERC066	24	27	3	66.72	0.03	0.97	2.74	0.50
<i>Helene 6/7</i>	HERC068	30	32	2	66.83	0.05	1.34	1.83	0.62
<i>Helene 6/7</i>	HERC077	76	78	2	63.66	0.06	2.28	4.58	1.19
<i>Helene 6/7</i>	HERC059	13	15	2	60.11	0.05	4.33	7.00	1.40
<i>Regional</i>	FARC008	6	13	7	63.87	0.03	2.24	4.49	0.87
<i>Regional</i>	FARC005	13	17	4	58.71	0.04	4.08	8.77	1.31
<i>Regional</i>	FARC007	0	4	4	58.16	0.03	4.14	9.10	1.87
<i>Regional</i>	FARC011	10	12	2	58.38	0.03	4.97	8.18	1.44
<i>Thelma Rosemary</i>	TRRC096	73	80	7	63.09	0.29	2.99	3.61	1.81
<i>Thelma Rosemary</i>	TRRC100	59	66	7	61.80	0.24	3.16	5.44	1.35
<i>Thelma Rosemary</i>	TRRC091	27	33	6	63.27	0.33	2.44	2.77	2.74
<i>Thelma Rosemary</i>	TRRC085	6	10	4	63.97	0.30	2.40	2.91	1.85
<i>Thelma Rosemary</i>	TRRC090	21	25	4	60.75	0.30	3.45	4.52	3.17
<i>Thelma Rosemary</i>	TRRC093	23	26	3	61.36	0.30	3.40	4.24	3.38
<i>Thelma Rosemary</i>	TRRC095	88	90	2	63.59	0.07	2.33	4.71	0.88
<i>Thelma Rosemary</i>	TRRC098	93	95	2	62.86	0.24	2.88	4.21	1.71
<i>Thelma Rosemary</i>	TRRC086	10	12	2	61.41	0.39	4.18	4.36	2.59

*All available drill results from 17 June to 17 July. 58.0 % Fe Cut-off used for intervals.  
Significant Intercepts calculated using a lower cutoff of 52.5%Fe, and up to 2m internal dilution*

*D. Stewart*

Doug Stewart  
Managing Director

*The information in this Public Report that relates to Mineral Resources is based on, and accurately reflects, information compiled by Mr. Doug Stewart of Territory Iron Limited who is a Fellow of The Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration 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.*

Territory Iron is an emerging iron ore producer which listed on the ASX in March 2005. The company has drilled part of the previously mined Frances Creek iron ore mine in the Northern Territory. Since the drilling, feasibility studies have indicated that the project is economic based on advantages which include local infrastructure, bulk handling facilities presently being constructed at the port of Darwin, and a well priced iron ore market.