



Territory Resources Limited

23 Ventnor Avenue,
West Perth WA 6005
Telephone: +61 8 9483 5100
Facsimile : +61 8 9483 5111

27 November 2009

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

Dear Sir/Madam

Annual General Meeting – Chairman's Address

Attached is a copy of the Chairman's Address to the Annual General Meeting of shareholders to be held on Monday, 30 November 2009 at 3.00pm.

Yours sincerely,

Patrick McCole
Company Secretary



An Australian Resources Group

Post Office Box 158, West Perth, Western Australia 6872
admin@territoryresources.com.au www.territoryresources.com.au
A.B.N. 53 100 552 118



Territory Resources Limited

An Australian Resources Group

CHAIRMAN'S ADDRESS 2009

Annual General Meeting: 30 November 2009



Good morning, Ladies and Gentlemen:

As outlined in the Annual Report, the last financial year was an extremely difficult period for the Company and the final financial result was most unsatisfactory. The circumstances relating to this outcome, including the Global Financial Crisis, have been fully detailed and we certainly hope that an outcome like this will never be repeated.

In turn, as we meet today I would much prefer to concentrate on the positive aspects of the Company and – more importantly – our plans for the future.

Our Board and Management remain totally committed to rebuilding Territory to a position that not only provides a positive outcome for our shareholders, but also provides a long-term career path for our dedicated employees.

Let me be more specific.

At the last AGM – despite the very difficult circumstances prevailing at that time – this Board made three very important commitments to our shareholders:

- **Firstly**, that we would establish Frances Creek as an efficient mining operation with a significant increase in volumes and a substantial decrease in production costs, while also creating a safe and positive working environment for our employees. At the same time, the Company would maintain a fully sold position with an increasing market reputation for quality and reliability;
- **Secondly**, that we would financially restructure the Company, and re-establish a platform that would allow and encourage future growth; and
- **Thirdly**, that the Board would completely re-focus the Company with an initial sole dedication to the Frances Creek mining program. This repositioning included the divestment of all non-core assets such as our holdings in the ASX-listed companies Olympia Resources, India Resources and Northern Mining.

As our Managing Director Andy Haslam will outline later in his presentation every aspect of this first key target has been achieved.

An Australian Resources Group

PO Box 158, West Perth, Western Australia 6872

admin@territoryresources.com.au www.territoryresources.com.au

ABN 53 100 552 118

The Company has now completed 40 shipments to China totalling over 3 million tonnes of high-grade lump and fines product. With only one minor exception, every shipment has met contract specification enhancing our market reputation for quality and reliability.

Our safety performance has also improved dramatically along with a significant improvement in operating and corporate costs. The Company is now operating positively and we are anticipating even further improvement as the next year unfolds.

While the opportunity to further reduce operating costs is limited, our income stream has continued to improve. While it is not our policy to declare actual selling prices, I can tell you that during the past month we have achieved a further 10% increase in the sales prices of our ore.

Furthermore, the market outlook for iron ore for at least the next year looks very positive. Although we continue to sell into the spot market – which makes it impossible to guarantee forward price structures – we now expect that the average selling prices for calendar 2010 will be at least 20% higher than the average price the Company achieved during 2009.

As indicated, much of this price improvement has already been achieved in the past month, which has had a positive impact on our financial performance, although clearly exchange rates and the cost of ocean freight will continue to impact the Company's profitability.

As far as the second key objective goes, we have recently completed the first stage of our financial reconstruction program which included the assignment of the debt relating to the previous foreign exchange hedge book to Noble and the extension of the Noble debt to 31 October 2010.

The Noble debt will be crystallised into one outstanding loan with Noble, with a repayment program that provides for monthly interest payments and quarterly principal repayment whilst maintaining sufficient cash for normal operating programs.

This loan agreement also allows for any necessary capital expenditure and exploration programs to support the existing operation at Frances Creek.

The current outstanding loan to Noble is approximately \$63 million. Given that part of this loan is denominated in US Dollars, the actual amount will vary depending upon prevailing exchange rates.

We have also reached an in-principle understanding with Noble which, at some point in the future, will enable part of this outstanding loan to be converted to equity. As part of these discussions, we have also agreed that the most appropriate time for a debt-to-equity conversion would be in conjunction with the acquisition of additional value-adding projects, which Noble is keen to support.

I will provide further details on these plans shortly.

Turning finally to the third key objective from last year, I am pleased to say that the refocusing strategy implemented over the course of the year is also effectively complete with the successful sale of several non-core investments in listed companies.

The sales program for these assets has included the recovery of any outstanding loans. The only remaining non-core asset is our investment in Matilda Minerals. This Company is currently in voluntary administration and the investment will be reviewed if and when it returns to normal trading conditions.

Further on the financial matters, I am also pleased to report that the first repayment of \$2.96 million from the outstanding loan to Monarch Gold was received on 8 October 2009.

Now let me turn to the future.

Our Business Development strategy is based around two key elements:

1. Extension of the operational life at Frances Creek

The most immediate challenge for the Company is the remaining operating life at Frances Creek.

While we did enjoy some exploration success during the year and reserves were upgraded for key deposits like Helene 6/7, the remaining operating life at Frances Creek is currently estimated at less than three years based on current reserves and production levels.

To assist in extending the current level of reserves and the operating life of the mine, we are currently in the process of adopting a three-part mine extension plan. This plan includes:

- 1) Undertaking a comprehensive gravity survey of all our prospective tenements in the region. Historically all exploration programs at Frances Creek have been based upon either outcropping iron ore or the use of traditional drilling programs. While success cannot be guaranteed, we remain hopeful that a gravity survey may identify some additional resources that will add to the economic life of the mine.
- 2) Our second focus is on developing a sales program for high-manganese iron ore deposits within the Frances Creek area. This specifically includes the Miller's Deposit, which is estimated to contain approximately 1.2 million tonnes of ore. Initial discussions have already been held with the Noble marketing team regarding the saleability of this material, and it now appears highly probable that a suitable market position can be confirmed. These high-manganese deposits have not been reported in the reserve statements but have previously been disclosed separately in the resource statements, and will only be included once a confirmed production program has been completed that matches required product specifications for sale to selected steel mills in China.
- 3) The final aspect involves a review of all lower grade iron ore deposits in the Frances Creek region, with a specific focus on deposits with grades ranging from 48% to 52% Fe. When reviewing these deposits for potential development, appropriate metallurgical beneficiation programs will be reviewed including actual upgrading costs. Given that much of the necessary infrastructure is already in place, and with the recent improvement in iron ore prices, it is reasonable to believe that even with a higher operating cost these lower grade deposits may add to the economic life of the mine.

2. Corporate growth through acquisition.

Even if the Company is successful with the mine extension program at Frances Creek, the fact remains that the operating life of the mine is limited and will not be sufficient to support our aspiration to become a major supplier of raw materials to the rapidly-expanding Asian steel industry over the next decade.

We firmly believe that it is now time to spread our wings and develop a resource base for the future, underpinned by our market position and the expertise we have developed at Frances Creek.

During November, Territory's senior management and I held a strategic discussion with Noble Resources in Hong Kong.

Noble's position in the Chinese steel industry is unique. They are the world's largest independent seller of iron ore, this year selling over 30 million tonnes. They are also very active in the market with a number of other steel-related products including coal, manganese and chromite. Like us, Noble's view of the forward market for these products is extremely positive, and the major challenge is to secure increasing quantities of high quality raw materials.

Noble is therefore keen to expand its partnership with Territory Resources to develop an increased supply program for carbon steel-related raw materials from Australia. Noble has offered to provide a high level of financial and corporate support, and particularly to assist with the early acquisition of suitable exploration and near-term mining projects.

The mutually agreed criteria for these investments is that the products must be centred on supply to the steel industry and that projected operating and supply costs must fit reasonably on the forward cost curve versus other major suppliers.

As previously indicated, Noble has agreed in principle to at least partially convert some of its outstanding debt to equity to support this program. The timetable for this conversion will depend on our success in identifying and acquiring suitable projects.

This business development program is now underway and we are in the process of recruiting business development resources to assist with identifying and targeting suitable opportunities. Initial acquisition targets will primarily be in iron ore, however quality opportunities in manganese and chromite ore are also currently under consideration.

During the next two years, our target will be to secure one advanced project ready for production within a 2-3 year timeframe. We will also consider securing a number of preliminary exploration projects that can be developed at a later date. The expertise we have developed at Frances Creek and our understanding of the forward product markets will be the guideline for these acquisitions.

This is an exciting development for Territory Resources, and we are very much looking forward to the challenge.

Conclusion

In closing, I would like to summarise our position as follows:

- Territory Resources has been financially and corporately stabilised. Based upon improving market conditions for iron ore, we have a strong expectation that the Company's cash flow will continue to improve over the next 12 months;
- A mine extension program is being developed and implemented at Frances Creek to ensure that the economic life of mine is maximised. This program will potentially include the sale of high-manganese ore and the beneficiation of lower grade deposits; and
- In partnership with Noble in Hong Kong, and based upon our mutual understanding of the forward strong demand for steel-based raw materials, the Company is planning to embark on an acquisition program, and to position ourselves as a major supplier of steel based raw materials to Asia.

In conclusion, I would like to thank my fellow Directors for their support, guidance and input during what has been at times a difficult and trying year.

The Board has had to work extremely hard during the year to deal with legacy issues faced by the Company and the Global Financial Crisis, and to ensure that we implement and maintain high standards of corporate governance.

I would also like to congratulate Andy Haslam, Alan Cumming and their senior management team for the energy and commitment with which they have tackled the challenges we faced.

Territory is much better for having people like this driving its future growth, and I look forward to the impact they will have in the future.

My thanks also go to the hard working men and women of Territory who have pulled together to help us achieve our goals during what has been a challenging year and, last but definitely not least, to Richard Elman, Harry Banga and the team at Noble for their unwavering support – without which we would not be here today.

Finally I would also like to take this opportunity to extend a special note of thanks to our shareholders for their patience and support during what has been an exceptionally difficult two years for the Company.

Thank you for your attendance today.

Andrew Simpson
Chairman