

Ref: *Drilling update 13 Jun 06*

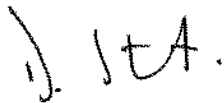
13 June 2006

No of Pages: 3

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.



Doug Stewart
Managing Director

ASX RELEASE – 13 JUNE 2006

Early Drilling Results confirm Additional Resource Tonnage at Frances Creek

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

A total of 6,260 metres in 103 RC holes have been completed to date with drilling concentrating on drill targets in and around the old Frances Creek minesite. Assay results for over 400 samples from the drilling are still awaited.

At Helene 6/7, drilling has intersected significant extensions to the 680,000 tonnes orebody outlined from last year's drilling. Best results include **37m @ 65.9% Fe** from 42m in hole HERC041, **28m @ 67.0% Fe** from 14m in hole HERC052 and **26m @ 66.0% Fe** from 30m depth in hole HERC040. 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 here.

Further success is being achieved from the Helene 2 to Helene 4 ironstone line of mineralisation. Based on drill chip logging, results indicate heavy, high quality haematite up to 18m thick between the old, abandoned Helene 2 and Helene 3 pits. There is good potential for significant tonnage between these two pits.

Early results from drill testing of aeromagnetic targets near Frances Creek mine site continues to show promise. At Helene 11 prospect, high grade iron was intersected from the surface to 12m depth over an 80m strike length. Drilling will continue to appraise these near mine site magnetic targets.

With the end of the Wet in the Top End and drill rig access improving, exploration focus will now turn to regional drill targets. Processing of the high resolution magnetic survey data from the northern tenements flown in May this year will shortly be completed and is anticipated to show up a number of magnetic targets for follow-up evaluation.

Drill Assay Results – Frances Creek Iron Ore Project

<i>Prospect</i>	<i>Hole ID</i>	<i>From</i>	<i>To</i>	<i>Interval</i>	<i>% Fe</i>	<i>% P</i>	<i>Al2O3</i>	<i>SiO2</i>	<i>LOI</i>
Helene 2	FCRC168*	29	34	5	64.23	0.13	2.33	3.49	1.24
Helene 2	FCRC169	26	32	6	65.19	0.07	1.72	3.15	0.77
Helene 2	FCRC170	21	31	10	64.47	0.1	2.09	3.69	0.89
Helene 2	FCRC171	22	29	7	65.76	0.09	1.14	2.54	1.15
Helene 2	FCRC172	19	22	3	62.71	0.13	2.03	6.22	0.96
Helene 2	FCRC172	26	30	4	66.05	0.07	1.57	2.38	0.73
Helene 2	FCRC173	2	8	6	67.16	0.06	1.07	1.82	0.67
Helene 6/7	HERC031	37	45	8	61.51	0.05	3.4	6.43	0.95
Helene 6/7	HERC033	29	40	11	62.25	0.09	3.09	5.7	0.95
Helene 6/7	HERC034*	49	56	7	59.35	0.09	5.31	6.65	1.81
Helene 6/7	HERC036*	61	63	2	63.74	0.06	2.66	4.48	0.93
Helene 6/7	HERC037	5	8	3	63.73	0.02	2.91	4.28	1.24
Helene 6/7	HERC038	28	30	2	59.96	0.09	3.58	7.63	1.46
Helene 6/7	HERC039	19	35	16	65.95	0.08	1	3.39	0.87
Helene 6/7	HERC040	30	56	26	65.95	0.03	1.11	3.65	0.58
Helene 6/7	HERC041*	42	79	37	65.87	0.02	1	3.82	0.55
Helene 6/7	HERC042	55	62	7	66.27	0.01	1.3	3.04	0.74
Helene 6/7	HERC044	54	58	4	60.21	0.03	3.37	8.02	0.77
Helene 6/7	HERC049	64	69	5	62.35	0.02	2.4	6.61	0.59
Helene 6/7	HERC050*	0	4	4	66.32	0.05	1.12	2.31	0.73
Helene 6/7	HERC051*	3	18	15	59.82	0.09	4.96	6.45	2.15
Helene 6/7	HERC052	14	42	28	67.03	0.04	0.98	2.22	0.57
Helene 6/7	HERC053	31	41	10	63.4	0.06	1.55	6.05	0.79
Helene 11	FARC006	15	19	4	59.43	0.21	4.32	6.52	1.32
Helene 11	FARC006	42	45	3	60.96	0.17	3.9	5.38	1.39

A 58 % Fe Cut-off grade was used in the above average grade calculations. All holes were drilled at 60 degrees inclinations except for those with an asterisk which were drilled vertically.

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. Bob Vivian of Territory Iron Limited who is a Member of The Australian Institute of Geoscientist, 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.