


21 February 2006

**No of Pages: 2**

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

**Re: Announcement of go-ahead for Frances Creek Iron Ore project**

Please find enclosed an announcement reflecting a go-ahead decision for 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

## **Board announces go ahead with mining at Frances Creek Iron Ore Project**

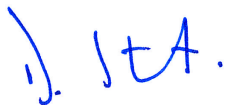
Following completion of a preliminary feasibility study, the Board of Territory Iron has given the go-ahead to mining at its Frances Creek Iron Ore Project in the Northern Territory.

The Company is currently reviewing its options for funding and is firming up various cost items including infrastructure costs and operating contracts. The direct capital cost portion is estimated to be in the order of \$10 million. Mining, transport and crushing contractors have provided budget estimates and contracts will now be finalised. Tenders will soon be called for the construction of the stacker facility at the Darwin port. This facility is planned to take advantage of the bulk loader which the Northern Territory Government has commissioned and is expected to be in place by year end.

To meet the Northern Territory regulatory requirements, environmental studies relevant to the Public Environmental Report are nearing completion. Negotiations are continuing with the Northern Land Council with respect to Native Title issues.

Territory Iron is currently well funded to continue exploration this year and will spend a total of \$2.6 million at Frances Creek in order to increase known Resources and Reserves. This will add to the mine life of the future mining operation.

The Board anticipates that a fast-track option to bring this project into production may see iron ore exported from Darwin early in the first quarter of 2007.



Doug Stewart  
Managing Director

Territory Iron is an emerging iron ore producer, which first enlisted 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 good local infrastructure, bulk handling facilities constructed at the port of Darwin, and a well priced iron ore market.