



Territory Resources Limited

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22 August 2007

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

Dear Sir / Madam.

Re: Issue of unlisted employee options

Attached is an Appendix 3b relating to the issue of 2,500,000 employee options in terms of the Territory Resources Limited Employee Share Option Plan.

Yours faithfully

Peter Ruttledge
Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002.

Name of entity

TERRITORY RESOURCES LIMITED

ABN

53 100 552 118

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Employee Options exercisable @ 90 cents each |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 2,500,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p><u>Term:</u> 3 years expiring 21 August 2010</p> <p><u>Exercise Price:</u> 90 cents</p> <p><u>Hurdle Dates:</u>
50% of the Options vest 23 July 2008
50% of the Options vest 23 July 2009</p> <p><u>Other terms and conditions</u> are set out in the Employee Share Option Plan released to the ASX in an announcement on 26 April 2006</p> |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>On exercise of the options the resulting ordinary shares will rank equally in all respects with existing ordinary shares</p>				
<p>5 Issue price or consideration</p>	<p>Options are issued free</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Employee Options: The grant of the Employee Options is designed as an employment incentive and to encourage key employees to remain with the company</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>21 August 2007</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="721 1247 954 1276">Number</th> <th data-bbox="959 1247 1268 1276">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="721 1276 954 1480">199,075,000</td> <td data-bbox="959 1276 1268 1480">Ordinary Shares fully paid</td> </tr> </tbody> </table>	Number	+Class	199,075,000	Ordinary Shares fully paid
Number	+Class				
199,075,000	Ordinary Shares fully paid				

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	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	Employee & Director Options
	800,000	40.15c 20 Jun 09
	200,000	50c 20 Jun 09
	200,000	60c 20 Jun 09
	420,000	40.15c 13 Oct 09
	70,000	50c 13 Oct 09
	60,000	60c 13 Oct 09
	1,000,000	82.5c 15 Jun 10
	2,500,000	90c 21 Aug 10
	500,000	90c 15 Jun 11
	<u>5,750,000</u>	

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividend policy is currently in place since the company is involved only in exploration
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Part 2 - Bonus issue or pro rata issue Not Applicable

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

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20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

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- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)? **N/A**
- 33 ⁺Despatch date **N/A**

Part 3 - Quotation of securities

Not Applicable

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Not Applicable

(If the additional securities do not form a new class, go to 43)

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

(now go to 43)

⁺ See chapter 19 for defined terms.

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Entities that have ticked box 34(b)

Not Applicable

38	Number of securities for which +quotation is sought	N/A	
39	Class of +securities for which quotation is sought	N/A	
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	N/A	
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Number N/A	+Class

(now go to 43)

+ See chapter 19 for defined terms.

All entities
Fees

Not Applicable

43 Payment method (tick one)

Payment on invoice

Electronic payment made

Note: Payment may be made electronically if Appendix 3B is given to ASX electronically at the same time.

Periodic payment as agreed with the home branch has been arranged

Note: Arrangements can be made for employee incentive schemes that involve frequent issues of securities.

Quotation agreement

Not Applicable

~~1 Quotation of our additional securities is in ASX's absolute discretion. ASX may quote the securities on any conditions it decides.~~

~~2 We warrant the following to ASX:~~

~~• The issue of the securities to be quoted complies with the law and is not for an illegal purpose.~~

~~• There is no reason why those securities should not be granted quotation.~~

~~• An offer of the securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.~~

~~Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty~~

~~• Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any securities to be quoted and that no one has any right to return any securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the securities be quoted.~~

~~• We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the securities to be quoted, it has been provided at the time that we request that the securities be quoted.~~

~~• If we are a trust, we warrant that no person has the right to return the securities to be quoted under section 1019B of the Corporations Act at the time that we request that the securities be quoted.~~

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~~3 — We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.~~

~~4 — We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before *quotation of the *securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.~~

Sign here: **Peter Rutledge** Date: **22 August 2007**
(~~Director~~/Company secretary)

Print name: **PETER C RUTLEDGE**

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