



Ref: *Placement*

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

PLACEMENT TO FUND NEW IRON ORE DEVELOPMENT

Territory Iron Limited is pleased to announce the placement of 35 million shares at 36 cents each (to raise \$12.6 million before issue costs) to fund the development of its Francis Creek Iron Ore Mine in the Northern Territory.

The shares will be placed, subject to shareholder approval, to institutional and sophisticated clients of Euroz Securities Limited. Fifteen million of the shares will be placed under the Company's 15% placing capacity, with the balance of 20 million shares subject to the approval of shareholders at a meeting primarily called for that purpose. A Notice of Meeting will be dispatched to shareholders shortly, with the meeting expected to be held on 23 May 2006.

With existing cash reserves and a small amount of off-balance-sheet lease financing now being negotiated, the Company expects to be fully financed to production, scheduled for early next year. Total development costs are expected to be approximately \$15 million, with contingencies.

Doug Stewart
Managing Director

Released for and on behalf of Territory Iron Limited

For further information please contact Doug Stewart, Managing Director on PH: +618 9483 5100.