



Territory Resources Limited

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

Dear Sir / Madam.

PRODUCTION UPDATE - FRANCES CREEK RAMPS UP

Attached is a media release on the build-up of Territory Resources' iron ore production from Frances Creek.

Yours faithfully

Peter Rutledge
Company Secretary



MEDIA RELEASE

23 AUGUST 2007

PRODUCTION UPDATE - FRANCES CREEK RAMPS UP

Australian resources group Territory Resources (ASX:TTY) is successfully ramping up production and railing at its Frances Creek project, ahead of its first shipment of iron ore next month.

Territory has stockpiled more than 25,000 tonnes of high grade iron ore (lump over 63% Fe) at the Port of Darwin, in preparation for its expected first shipment of 70,000 tonnes to China in September.

Territory Chairman Michael Kiernan said the historic project was progressing on schedule, with infrastructure and logistics in place for the first shipment.

“Activity at Frances Creek has really stepped up, with 100 staff and contractors on site, all mining equipment operational and the rate of production increasing by the day,” Mr Kiernan said.

“We are now railing ore every day from Frances Creek to Darwin. We are capitalising on the excellent access to infrastructure, with the Adelaide to Darwin rail line running within 15 kilometres from the project providing immediate access to Darwin, Australia’s closest port to China.

“Our Port infrastructure is operational with a growing stockpile of high grade ore, and commissioning of the port conveyor system now well advanced.

“The Darwin Port Corporation (DPC) has invested about \$23 million for the provision of bulk material handling facilities and commissioning of a new ship loader. Territory has spent about \$9.5 million in establishing storage and loading infrastructure for its iron ore exports,” he said.

Marketing and shipping of the ore will be coordinated by Hong Kong based Noble Group Limited, who are market leaders in global supply chain management. Earlier this month, Territory secured a life-of mine off-take agreement with Noble, for all iron ore produced at its Frances Creek Project.

“With global shipping and trading networks, and direct relationships in China, Noble are perfect partners for Territory on this project, and will allow Territory shareholders to capitalise on our natural advantages for the Chinese market,” Mr Kiernan said.

Territory has in place a three year freight contract with Freightlink worth more than \$30 million. FreightLink, Genesee Wyoming and CFCL Australia are investing approximately \$14 million in rolling stock, engines and rail infrastructure for the Frances Creek Project.

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About Territory Resources

Territory Resources (ASX:TTY), an independent Australian resources group, has a clear strategy to develop into a diversified carbon steel materials producer.

The Company is developing the 100% owned 1.5 mtpa Frances Creek haematite iron ore project located north of the regional town of Pine Creek on the Stuart Highway, 190 km south of Darwin. Territory has a production target of 3 mtpa within two years.

A significant re-rating of the company has occurred in the last quarter as production commenced at the Frances Creek operation in June 2007 and Territory is on track for its first shipment of ore in the September 2007 Quarter.

Marketing of Territory's ore will be undertaken by the Hong Kong based Noble Group Limited via a life-of-mine marketing agreement. Crawley Resources Limited (Noble Group Limited 70% and local mining identity Michael Kiernan 30%) owns 30.0% of Territory. Visit: www.territoryresources.com.au

