



# Territory Resources Limited

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25 October 2007

Company Announcements  
ASX Limited  
Level 10, 20 Bond Street  
SYDNEY NSW 2000

Dear Sir / Madam

## **TERRITORY UPGRADES FRANCES CREEK RESOURCE / RESERVES**

Attached is a media release announcing an upgrade of resources and reserves at the Company's Frances Creek project.

Yours faithfully

Peter Ruttledge  
Company Secretary

**An Australian Resources Group**

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**MEDIA RELEASE**

**25 OCTOBER 2007**

## **TERRITORY UPGRADES FRANCES CREEK RESOURCE / RESERVES**

Australian resources group Territory Resources (ASX:TTY) has extended its resource base at its flagship Frances Creek project in the Northern Territory, following the successful evaluation of iron ore fines located at its Frances Creek minesite.

The fines material, which was generated from past iron ore mining activity at the project, was extensively tested as part of Territory's exploration and development programme over the past twelve months.

Results have delivered a 354,000 tonne increase in the Territory's indicated resource base, taking the Company's inferred and indicated resource to above 10 million tonnes, at an average of 60.47% Fe. In addition, Territory now has more than five million tonnes in reserves.

Territory Chairman Michael Kiernan said the results would bolster the Frances Creek project potential, and vindicated the Company's ongoing exploration and development programme to increase production and extend mine life.

"Territory remains committed to exploration excellence to drive long term value for shareholders," Mr Kiernan said.

"Progress to date has been highly encouraging, and clearly supports the continuation of our explorative efforts towards a target of 3 mtpa.

"Our intention is to continue exploration on Frances Creek and other leases in the Northern Territory targeting both a doubling of production and reserves within twelve months of our first shipment of ore to China last month," Kiernan said.

Territory made its first shipment in September, when it delivered 67,500 tonnes of high grade iron ore to China.

The company is raiiling ore daily from its Frances Creek Mine to Darwin via the Adelaide to Darwin rail line, and expects to ship up to another 200,000 tonnes of iron ore from Darwin Port to China before the end of 2007.

Full details of the testing program and resource upgrade are included overpage.

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**An Australian Resources Group**



## Resource and Reserve Upgrade

The fines material was mainly minus 4mm sizing was generated from past iron ore mining and processing during the period 1965 – 1974. Bulk samples of this material were collected for metallurgical testwork from some 130 aircore drill holes on 20-40m drill line by 10-20m drill hole spacings carried out in two separate campaigns over the past 12 months. Approximately 100,000 tonnes of the “iron ore fines” material was excavated and re-stockpiled during June to allow for construction of a waste dump.

Resource modeling and estimation of the fines was undertaken by Snowden Mining Industry Consultants, while testwork comprising density determinations, and wet screening and size analysis to determine indicative product recoveries and product grades, was undertaken on samples by SGS Lakefield Orestest Pty Ltd, Metallurgical Project Consultants and Independent Metallurgical Laboratories.

Table 1 details the Mineral Resource Estimate for the fines deposit by resource classification. The resources have been classified totally into Indicated category in accordance with the 2004 JORC Code. Territory Resources has provided Snowden with the data on which the estimate is based. Snowden applied a bulk density of 2.2 t/m<sup>3</sup> for estimating the tonnage of the resource based on density measurements undertaken by SGS Lakefield Orestest.

**Table 1 – Indicated Mineral Resource Estimates at varying iron cut-offs**

% Fe cut-off	Volume	Density	Kilotonnes	% Fe	% P	%Al <sub>2</sub> O <sub>3</sub>	% SiO <sub>2</sub>
0	196,324	2.2	431.9	51.21	0.08	6.79	12.86
<b>*50</b>	<b>161,125</b>	<b>2.2</b>	<b>354.5</b>	<b>53.65</b>	<b>0.08</b>	<b>6.17</b>	<b>12.97</b>
52	131,655	2.2	289.6	54.21	0.08	5.99	12.57
54	68,012	2.2	149.6	55.26	0.08	5.60	11.83
56	14,611	2.2	32.1	56.64	0.08	5.01	11.02

Whilst metallurgical test work results are presently being assessed to determine the optimum product upgrade, results demonstrate greater than 60% yield at greater than 60% Fe by conventional wet screening and gravity separation techniques.

\*Table 2 details the Probable Ore Reserve estimate for the Fines deposit based on the Indicated Mineral Resource at 50% Fe cut-off value shown in Table 1.

**\*Table 2 – Probable Ore Reserve at a 50% iron cut-off**

% Fe cut-off	Volume	Density	Kilotonnes	% Fe	% P	%AlO <sub>3</sub>	% SiO <sub>2</sub>
50	96,675	2.2	212.7	60.00	0.08	3.40	8.00

Alternatively, the product will be sold without upgrade taking advantage of the current buoyant demand for iron ore.

As a result of the above, Tables 3 and 4 below outline the upgraded resources and reserves.



**Table 3 – Indicated Mineral Resource Estimates at 55% Fe cut-off**

Deposit	Indicated Resource			Inferred Resource			Total		
	Tonnes	% Fe	% P	Tonnes	% Fe	% P	Tonnes	% Fe	% P
Helene 6/7	2,730,000	62.00	0.04	290,000	60.60	0.06	3,020,000	61.87	0.04
Helene 5	1,190,000	59.80	0.12	200,000	59.00	0.19	1,390,000	59.68	0.13
Helene 2/3	530,000	63.60	0.08	160,000	58.20	0.08	690,000	62.35	0.08
Thelma Rose	1,802,119	61.20	0.19	54,958	59.10	0.14	1,857,077	61.14	0.19
Jasmine East	278,370	59.40	0.07	20,313	60.20	0.06	298,683	59.45	0.07
Thelma 2				194,000	63.50		194,000	63.50	-
Ochre Hill	1,154,000	59.40	0.11				1,154,000	59.40	0.11
Saddle East				101,000	58.70	0.08	101,000	58.70	0.08
Millers(1)				1,029,000	58.50	0.09	1,029,000	58.50	0.09
Ore Fines(2)	354,500	53.65	0.08				354,475	53.65	0.08
Totals	8,038,989	60.77	0.10	2,049,271	59.30	0.09	10,088,260	60.47	0.10

Notes: (1) iron grade is Fe +Mn grade at 50% Fe cut-off  
(2) Ore fines at 50% Fe cut-off

**Table 4 – Frances Creek Ore Reserves at 55% Fe cut-off**

Deposit	Tonnes	%Fe	%SiO2	%P	%Al2O3
Helene2/3	300,000	64.4	3.73	0.08	2.01
Helene5	585,000	59.1	8.85	0.06	3.31
Helene6/7	1,424,000	63.4	5.46	0.03	2.29
Thelma Rosemary	1,278,000	61.1	5.58	0.19	3.59
Jasmine East	206,000	59.3	8.01	0.06	4.12
Ochre Hill	1,012,000	59.5	9.29	0.09	2.81
Ore Fines(1)	213,000	60.0	8.00	0.08	3.40
TOTAL	5,018,000	61.3	6.77	0.09	2.95

Notes: (1) Ore fines at 50% Fe cut-off

Further upgrades to both resources and reserves will be progressively reported throughout the remainder of the year as drilling, geological interpretation, modelling and optimisation is completed on Millers, Jasmine Central and Helene 11 ore bodies.

*The information in this Public Report that relates to Mineral Resources is based on and accurately reflect, information compiled by Mr. Bob Vivian who is a full time employee of Territory Resources Limited and a Member of The Australian Institute of Geoscientists, and Mr. Michael Andrew of Snowden Mining Industry Consultants, who is a Member of The Australasian Institute of Mining and Metallurgy.*

*The information in this Public Report that relates to Ore Reserves is based on and accurately reflects information compiled by Mr. Peter Banovich who is a full time employee of Metallurgical Project Consultants Pty Ltd and is a Member of Australasian Institute of Mining.*

*Messrs Vivian, Andrew and Banovich have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.*

*The Authors consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.*



## About Territory Resources

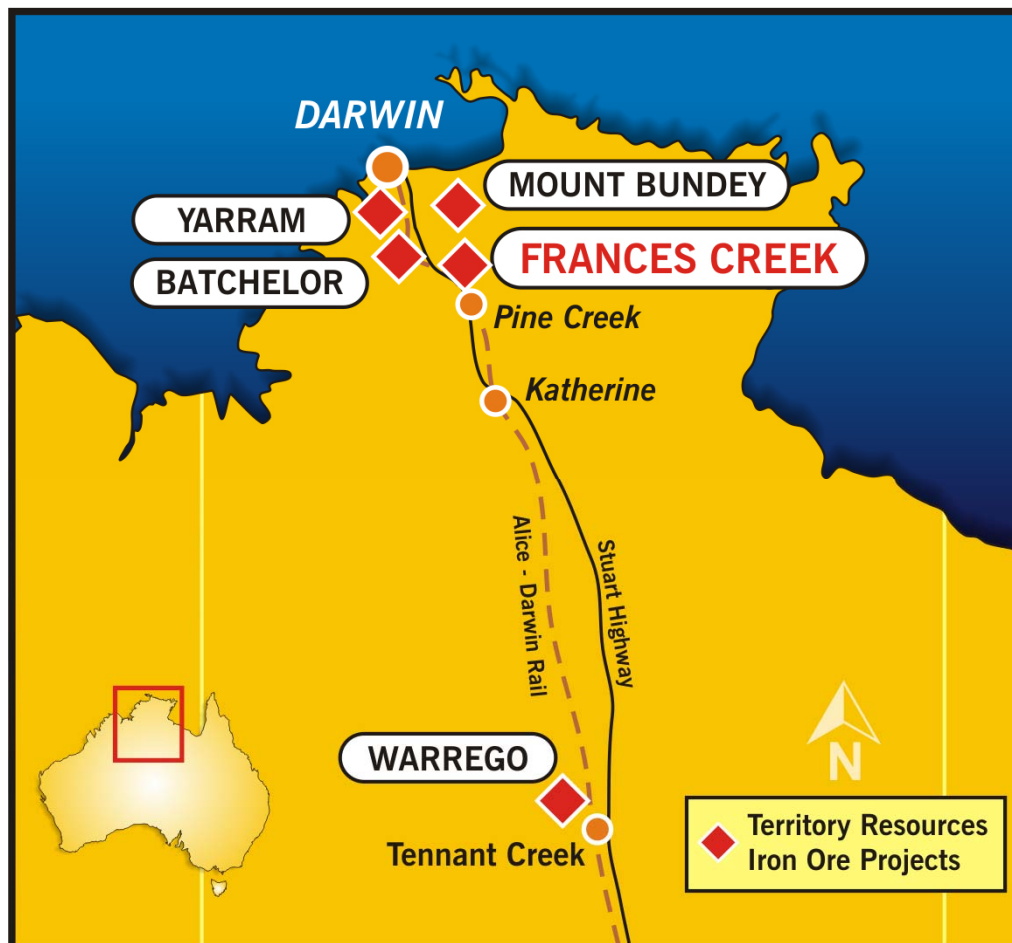
Territory Resources (ASX:TTY), an independent Australian resources group, has a clear strategy to develop into a diversified carbon steel materials producer.

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 with the existing Alice Springs to Darwin rail line running within 15 kms of the project.

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's first shipment of ore in the September 2007.

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% of Territory.

Visit: [www.territoryresources.com.au](http://www.territoryresources.com.au)



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