



Territory Resources Limited

23 Ventnor Avenue,
West Perth WA 6005
Telephone: +61 8 9483 5100
Facsimile : +61 8 9483 5111

25 October 2007

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

Dear Sir / Madam

SHARE PURCHASE PLAN OFFER TO SHAREHOLDERS

Attached is a copy of the offer documentation being forwarded to shareholders in respect of the Share Purchase Plan announced on 17 October 2007.

Yours faithfully

Peter Ruttledge
Company Secretary

An Australian Resources Group

Post Office Box 158, West Perth, Western Australia 6872
admin@territoryresources.com.au www.territoryresources.com.au
A.B.N. 53 100 552 118



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24 October 2007

Dear Shareholder

Invitation to Participate in Shareholder Share Purchase Plan

The Board of Directors of Territory Resources Limited (**Territory Resources** or **Company**) has approved the introduction of a Shareholder Share Purchase Plan (**Plan**). I am writing to invite you to join the Directors in increasing your shareholding in Territory Resources and participate in the continued growth of the Company through this Plan.

Shareholders Eligible to Participate in the Plan

The right to participate in the offer under the Plan (**Offer**) is available exclusively to shareholders who are registered as holders of fully paid ordinary shares in the capital of Territory Resources (**Shares**) at 5pm (WST) on the Record Date of **17 October 2007** and whose registered address is in Australia (**Eligible Shareholders**).

Share Purchase Plan

The Board is pleased to offer to all Eligible Shareholders an opportunity to participate in the Plan. Details of the Offer are set out in this letter and the enclosed Terms and Conditions together with an Entitlement and Acceptance Form.

The Plan entitles Eligible Shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$5,000 worth of Shares at a price of \$1.00 per Share, representing a **12.7% discount** to the volume weighted average trading price of the Company's shares on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the date of announcement of the Offer, free of brokerage and commission (**Offer**).

All Directors who are shareholders of the Company will be taking up their entitlement.

Current Projects

Territory Resources has made some great strides in recent months, with the commencement of production at the Frances Creek Project, and the milestone first shipment of iron ore last month. We are now focused on continuing this development both through ramping up production towards 3mtpa and through exploration excellence delivering an increase in resources.

The funds raised under the Plan will be used by the Company to drive this further development, particularly in the areas of exploration, project development and the potential acquisition of new projects.

Further details of the Company's current activities are set out in the announcements made by Territory Resources to the ASX and are available from the ASX or Territory Resources' website at www.territoryresources.com.au.

Subscription and Application Procedure

If you would like to participate in the Offer, please return your completed Entitlement and Acceptance Form (enclosed), together with your cheque for the subscription monies for the Shares you wish to acquire to Computershare Investor Services Pty Ltd at Level 2, Reserve Bank Building, 45 St Georges Terrace, Perth, WA 6000 or by mail to GPO Box D182, Perth, WA 6840, on or before the **Closing Date of 5pm (WST) on Monday 19 November 2007**. No late applications will be accepted.

Please note the maximum investment per Eligible Shareholder is 5,000 Shares, being an investment



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of \$5,000 at \$1.00 per Share, and the minimum investment per Eligible Shareholder is 1,000 Shares, being an investment of \$1,000 at \$1.00 per Share.

The maximum investment any shareholder may apply for will remain \$5,000 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

Additional Information and Important Dates

The Offer cannot be transferred and the Directors of the Company reserve the right to reject any application over \$5,000. Shares allotted under the Plan will be issued no later than 5 business days after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum number of Shares that may be issued pursuant to this Offer is 21,505,000.

If the Company rejects an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

On the trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was \$1.14. The market price of the Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are allotted to you as a result of your acceptance of this Offer. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of allotment of Shares under this Offer. The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.

Indicative Timetable

Announcement Date of Plan	17 October 2007
Record Date (5.00pm WST)	17 October 2007
Opening Date of Offer	26 October 2007
Closing Date of Offer	19 November 2007
Issue of Shares under the Plan	23 November 2007
Despatch date for holding statements	27 November 2007
Quotation of Shares on ASX	27 November 2007

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Entitlement and Acceptance Forms as early as possible.

I would like to thank you for your support of Territory Resources as it has developed and grown in recent years. I encourage you to consider this opportunity to extend your holding in the Company, and further participate in the next phase of its development.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact Mr Ian McCubbing at Territory Resources on (08) 9483 5100.

Yours faithfully



**Mr Michael Kiernan
Executive Chairman
Territory Resources Limited**

TERRITORY RESOURCES LIMITED
ABN 53 100 552 118
Shareholder Share Purchase Plan - Terms and Conditions

Purpose

The purpose of the Shareholder Share Purchase Plan (**the Plan**) is to offer shareholders of Territory Resources Limited (**Territory Resources** or **the Company**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Territory Resources Shares**) up to a maximum of A\$5,000 at a discount to the market price of Territory Resources Shares on the financial market operated by ASX Limited (**ASX**) without the need to pay brokerage costs and without the need for Territory Resources to issue a Prospectus, upon such terms and conditions as the board of directors of Territory Resources, in its absolute discretion, sees fit.

Shareholders eligible to participate

Eligible shareholders of Territory Resources that are registered with an Australian address at the relevant record date may participate in the Plan. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are non-renounceable (i.e. eligible shareholders may not transfer their rights to any Territory Resources Shares offered under the Plan).

An offer may, at the discretion of the directors of Territory Resources, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is A\$5,000. The directors of Territory Resources may also determine in their discretion the minimum amount for participation, the multiple of Territory Resources Shares to be offered under the Plan and the period the offer is available to eligible shareholders.

Price of Territory Resources Shares

The price of Territory Resources Shares to be issued under the Plan will be determined by calculating a discount to the volume weighted average market price of Territory Resources Shares quoted on ASX during the period 5 trading days immediately prior to the date of the announcement of the Offer or the date Shares are issued pursuant to the Offer.

Applications and Notices

At the discretion of the directors of the Company, Territory Resources will send eligible shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Territory Resources Shares under the Plan, and accompanied by the terms and conditions of the Plan and an entitlement & acceptance form. Applications will not be accepted after the closing date of an offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by Territory Resources to participants may be given in any manner prescribed by

its Constitution.

Issue of Territory Resources Shares

Territory Resources Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of Territory Resources in the relevant offer.

Territory Resources Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in Territory Resources from the date of issue.

Shareholding statements or CHES notification will be issued in respect of all Territory Resources Shares issued under the Plan. The Company will, promptly after the issue of Territory Resources Shares under the Plan, make application for those Territory Resources Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

Territory Resources may modify or terminate the Plan at any time.

Territory Resources will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Territory Resources may issue to any person fewer Territory Resources Shares than the person applied for under the Plan if the issue of the Territory Resources Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Dispute Resolution

Territory Resources may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Territory Resources Shares. The decision of Territory Resources in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Territory Resources reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Territory Resources under these conditions may be exercised by the directors of Territory Resources or any delegate of the directors of Territory Resources.

Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Mr Ian McCubbing at Territory Resources on (08) 9483 5100.

Territory Resources Limited

ABN 53 100 552 118



Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box D182 Perth
Western Australia 6840 Australia
Enquiries (within Australia) 1300 557 010
(outside Australia) 61 3 9415 4000
Facsimile 61 8 9323 2033
web.queries@computershare.com.au
www.computershare.com

Securityholder Reference Number (SRN)



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SAM
MR JOHN SAMPLE
FLAT 123
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN VIC 3030



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Entitlement Number:
Record Date: 17 October 2007
Offer Closes: 5.00pm WST 19 November 2007
Price per Share: A\$1.00

SHARE PURCHASE PLAN APPLICATION FORM

IMPORTANT:

This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this form please consult a professional adviser.

Pursuant to the terms and conditions of the Territory Resources Limited Share Purchase Plan (SPP) contained in the letter to Territory Resources Limited securityholders dated 24 October 2007, Territory Resources Limited is offering eligible securityholders the opportunity to purchase Shares up to a maximum value of A\$5,000 per eligible securityholder, subject to a minimum application of A\$1,000.

If you do not wish to purchase additional shares under this offer there is no need to take action.

By making your payment, you agree to be bound by the Constitution of Territory Resources Limited and agree that the submission of this payment constitutes an irrevocable offer to you by Territory Resources Limited to subscribe for Territory Resources Limited Shares on the terms of the SPP. In addition, by submitting this Application Slip you certify that the aggregate of the application price paid by you for:

- the Shares the subject of this Application Slip; and
- any other shares and interests in the class applied for by you under the Share Purchase Plan or any similar arrangement in the 12 months prior to the date of submission of this Application Slip, does not exceed \$5,000.00.

METHOD OF ACCEPTANCE

You can apply for shares and make your payment utilising one of the payment options detailed overleaf.

Territory Resources Limited may make determinations in any manner it thinks fit, in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determinations by Territory Resources Limited will be conclusive and binding on all eligible securityholders and other persons to whom the determination relates. Territory Resources Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible securityholders even where Territory Resources Limited does not notify you of that event.

This offer is Non-Renounceable - no Signature is required
Applications can only be accepted in the name printed on this form

TTY

SPRB

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Territory Resources Limited
ABN 53 100 552 118

Please see overleaf for Payment Options



Billor Code: 123456

Ref No: 123412341234123412

I/We wish to purchase:

1,000 shares or A\$1,000 or 3,000 shares or A\$3,000 or 5,000 shares or A\$5,000

Payment Details

Drawer	Cheque number	BSB number	Account number	Cheque amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

Make your cheque or bank draft payable to Territory Resources Limited Share Purchase Plan Account

Contact Details

Please provide your contact details in case we need to speak to you about this slip

Name of contact person

Contact person's daytime telephone number

How to accept the Share Purchase Plan

Payment Details

You can apply for shares by utilising the payment options detailed below. There is no requirement to return this slip if you are paying by electronic means. By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you:

- agree to all of the terms and conditions of the Share Purchase Plan as enclosed with this form;

Your cheque, bank draft or money order payable to Territory Resources Limited Share Purchase Plan Account in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided.

If paying by cheque, return the Application Slip and Cheque, Bank Draft or money order in the envelope provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Share Purchase Plan Application Slip where indicated. Cash will not be accepted. A receipt for payment will not be forwarded.

Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

Lodgement of Application

If you are applying for shares and your payment is being made by BPay, you do not need to return this form. Your payment must be received by no later than 4.00pm (WST) on 19 November 2007. It is the responsibility of the applicant to ensure that funds submitted through BPay are received by this time.

If you are paying by cheque, bank draft or money order, your Application Slip must be received at the Perth office of Computershare Investor Services Pty Limited (CIS) by no later than 5.00pm (WST) on 19 November 2007. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for securityholders in Australia. New Zealand holders will need to affix the appropriate postage. Return your Application Slip with cheque, bank draft or money order to either of the addresses listed below.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 557 010.

This form may not be used to notify your change of address. For information, please contact CIS on 1300 557 010 or visit www.computershare.com (certificated/issuer sponsored holders only).

CHES holders must contact their Controlling Participant to notify a change of address

Payment Options:



Billers Code: 123456

Ref No: 123412341234123412

Telephone & Internet Banking – BPay

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au



By Mail
Territory Resources Limited
Computershare Investor
Services Pty Limited
GPO Box D182
Perth, Western Australia 6840
AUSTRALIA



In Person
Computershare Investor
Services Pty Limited
Level 2
45 St Georges Terrace
Perth, Western Australia 6000



Entitlement Number: <xxxxxxxxxx>

SAMPLE CUSTOMER
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN TAS 7000

