
27 April 2005

No of Pages: 6

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

Territory Iron – March 2005 Quarterly Report

Please find enclosed the March 2005 Quarterly report.

A handwritten signature in blue ink, appearing to read "D. Stewart".

Doug Stewart
Managing Director

ACTIVITIES REPORT – March 05

HIGHLIGHTS

- Intensive drilling campaign scheduled to start late May;
- \$3.8m. budgeted for this field season;
- Focus on Frances Creek and production decision by year end;
- Listed on ASX on 11 March 2005 (ASX Code “TFE”).

CORPORATE

The company was admitted to the ASX on 4th March and listed on Friday 11th March. A total of 50 million shares were issued to raise \$10 million to explore a portfolio of iron prospective projects in the Northern Territory, Australia over a 2-year period.

The share structure for **Territory Iron Limited** (ASX “TFE”) is:

Ordinary Shares	100,000,000		
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Options holders	Number	Issue Price	Expiry Date
Management Options	2,500,000	0.25	Mar-09
Underwriter Options	1,000,000	0.20	Sep-07
Total Options	3,500,000		

Since listing on March 11, the Company has secured, furnished and occupied office space; appointed a management and operations team; put in place all necessary administration functions, obtained agreements to drill from two drilling contractors and is well advanced in all lead-up work to drilling.

The board and management team comprises:

Malcolm Richmond (Non-Executive Chairman)

Metallurgist with executive experience in iron ore business strategy, project and marketing development, merger and acquisitions (M&A) skills.

Doug Stewart (Managing Director)

Geologist with production, evaluation, consulting and investments experience.

Trevor Tennant (Non-Executive Director)

Mine engineer with extensive exploration and production experience in iron ore and manganese.

Yeo Wee Kiong (Non-Executive Director)

Lawyer and engineer with corporate law, finance, M&A, venture capital and banking experience.

Julie Wolseley (Non-Executive Director)

Chartered Accountant with corporate secretarial, financial reporting in mining industry, capital raisings, and corporate governance.

Management: Bob Vivian (Operations Manager)

Geologist with over 28 years experience in exploration over a wide range of commodities including iron ore, manganese, chromite.

PROJECTS

Objectives

Territory Iron aims to delineate sufficient reserves to foreshadow the development of a mining operation within one or more of the Frances Creek, Rum Jungle and Mt Bunday projects during the current field season, starting with an intensive drilling campaign scheduled next month. In the current market, a production decision may be made on modest Measured and Indicated reserves provided sufficient upside to the resource is evident. The Company will focus on generating high confidence Reserves and on testing the 50 or more known occurrences for additional potential.

At the same time, Territory Iron will undertake a study on the Warrego tailings which could contain a high level of iron in the form of magnetite fines.

The exploration budget for this field season, expected to last 6 months, is \$3.8 million

Projects

Territory Iron has agreements on or owns a number of tenements which have the potential to host iron ore for production and export to overseas smelters. All four projects are located in the Northern Territory.

The most advanced of these is Frances Creek which was actively mined until Cyclone Tracey damaged infrastructure, forcing closure in 1974. The project is some 200km south of Darwin and 18km from the recently completed Darwin to Alice Springs railway and will be the main exploration focus this year.

Frances Creek has an Inferred Resource of 3.4 million tonnes at 61.5% Fe. This was delineated by Territory Iron in 9 deposits of varying size in 2004

Rum Jungle and Mt Bunday projects are located closer to Darwin and will have staged exploration programs undertaken on them.

The Warrego tailings project has magnetite production potential and is located in the central part of the Northern Territory, reasonably close to rail

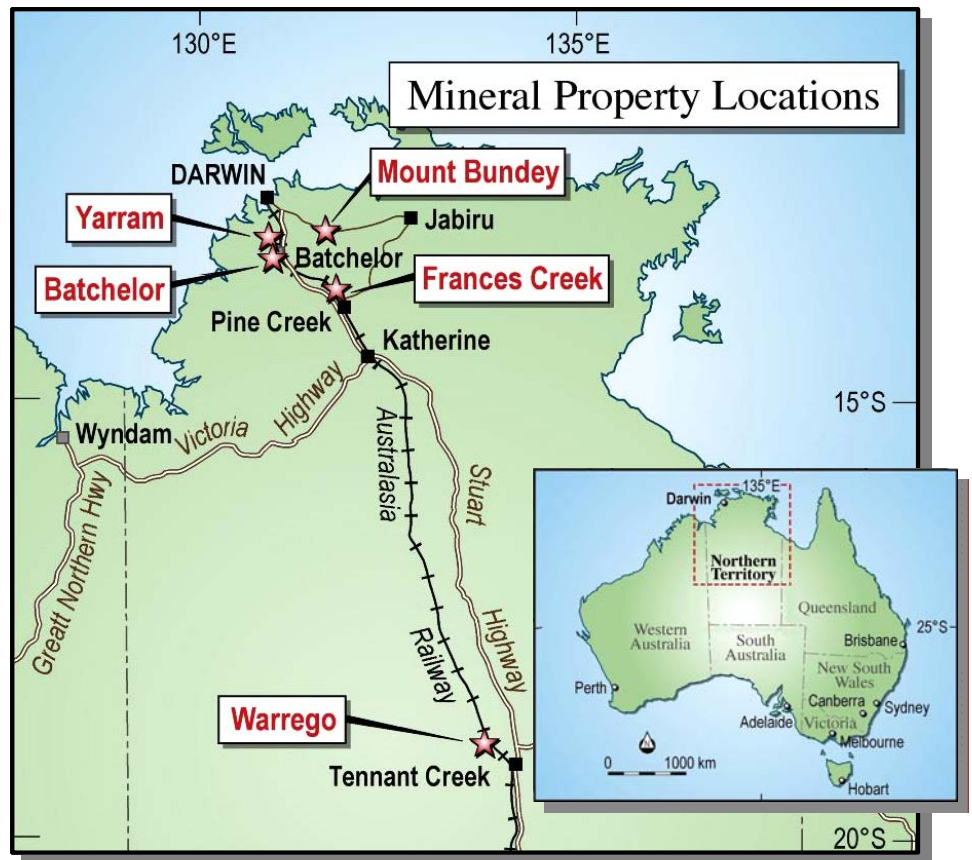


Figure 1: Projects Locations

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Frances Creek

The main focus of work at Frances Creek will be to convert the Inferred status material to Indicated and Measured status and to explore for additional tonnage. From work done last year, about 1 million tonnes of iron mineralisation at 63.4% Fe was identified in the Helene6/7 deposit. This will provide the foundation to begin the requisite studies to determine the project economics for a revived mining operation in the current buoyant iron ore market.

Two drilling contractors have been engaged to undertake the planned RC and RAB drilling at the Frances Creek project. This work is scheduled to commence in late May. Pre drilling field work is well advanced with marking out of drill sites at all major prospects.

A dewatering study has commenced to enable access to the old Helene 6/7 open pit for drilling out the mineralisation remaining below the pit floor. An engineer has been appointed to manage the dewatering logistics and regulatory issues.

Access and infrastructure are exceptionally good within the project area. Old haul roads are in good repair and will allow access to all previously mined areas. Access to down-dip targets may require some track development but these are not onerous with some access to drill sites possible by using old developed benches.

On the Frances Creek tenements, the Helene 6/7, Helene 5 and Thelma Rosemary deposits are identified a walk up targets. They host some 1.8 million tonnes of Inferred resources and have walk up drill targets.

Figure 2: Frances Creek tenements – Iron deposits

Elsewhere in the project area the Company will conduct reconnaissance inspection of iron occurrences in early May to identify and prioritise targets for follow up Scout RAB and RC drilling.

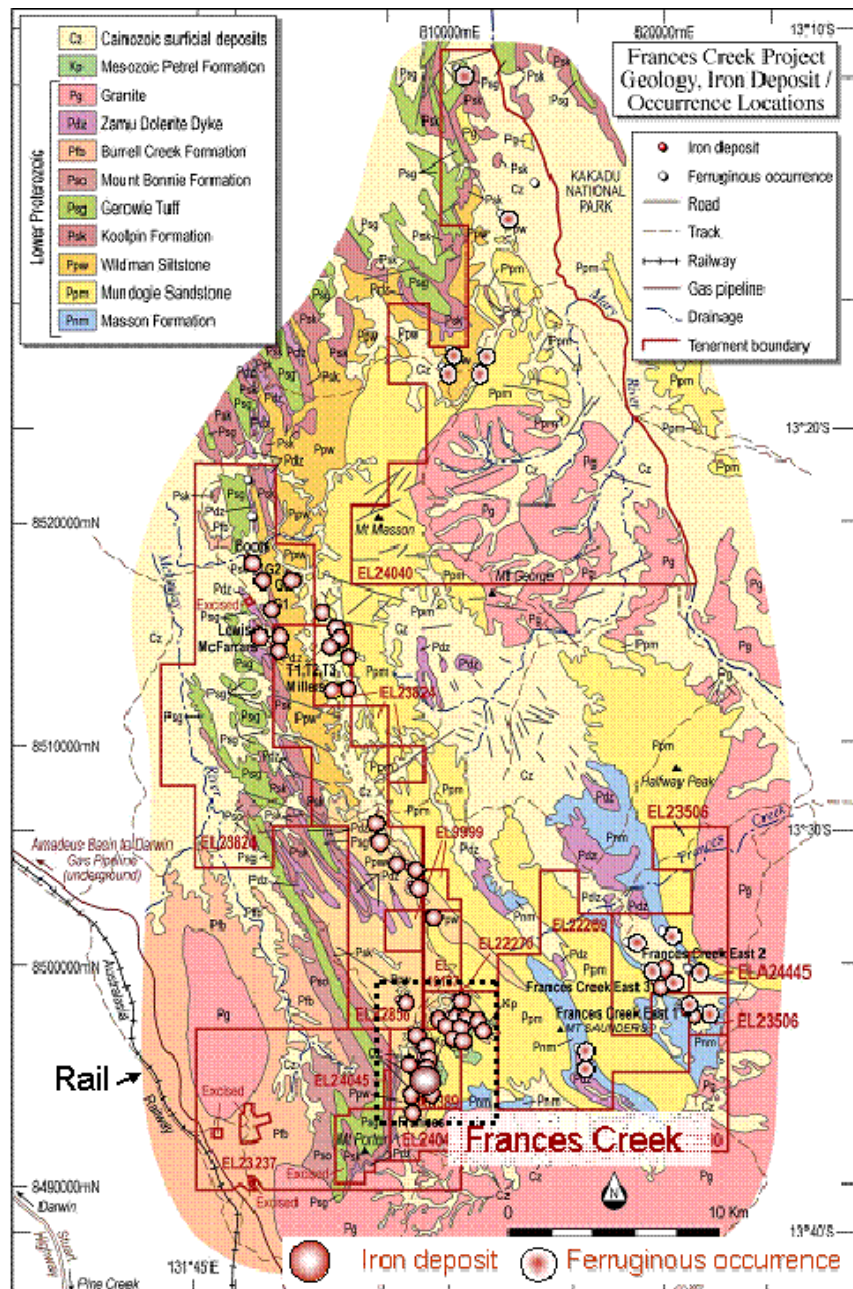
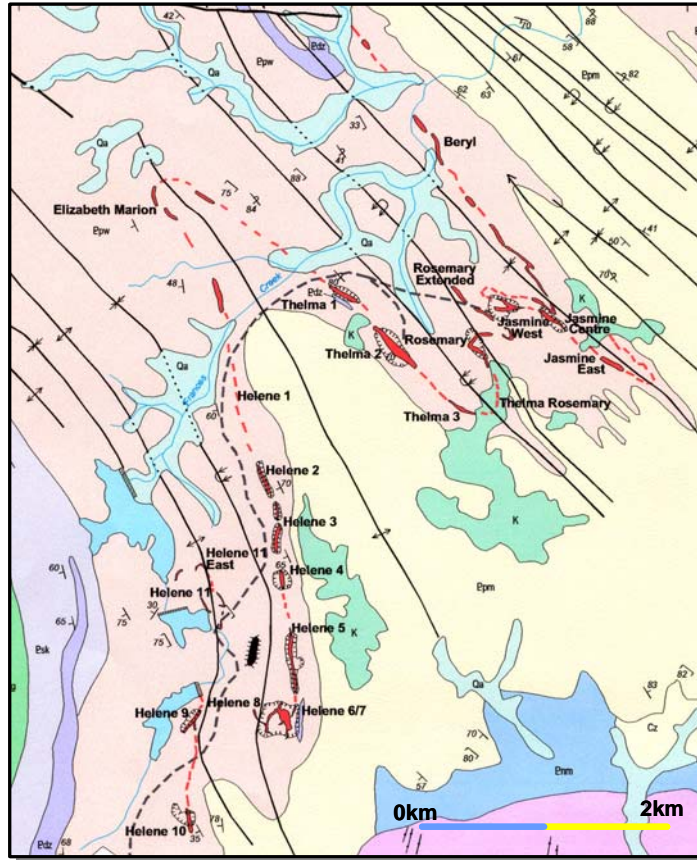


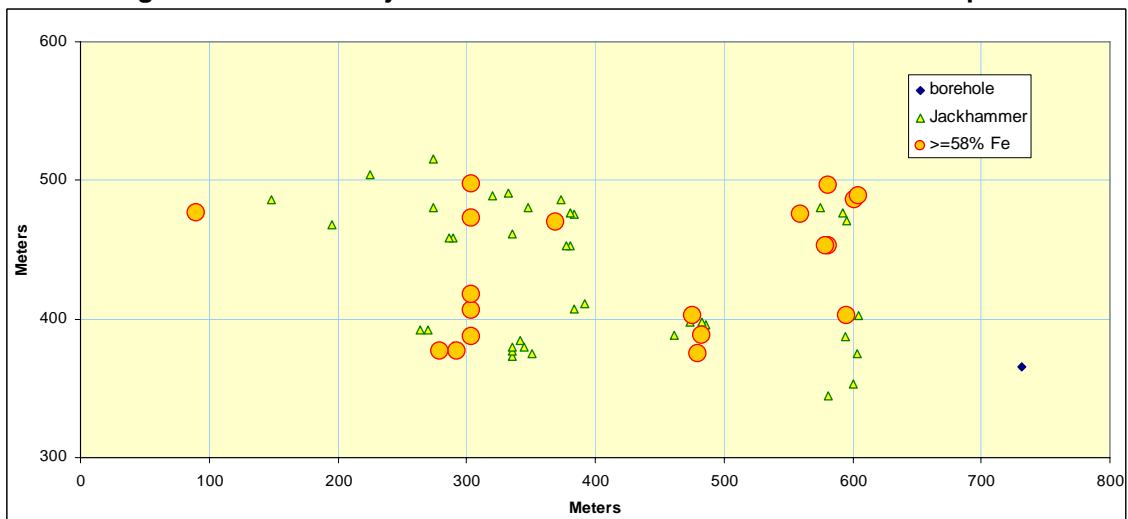
Figure 3: Frances Creek South tenements – Iron deposits



Yarram

Pre drilling fieldwork is well advanced at Yarram where confirmation mapping and drill targeting will shortly be commenced. Access is excellent and an initial examination of old data has highlighted targets for an initial scout drilling campaign. The objective is to better identify the 4 known hematite lodes and to investigate the likelihood of further high grade zones in the very extensive area of iron rich host rock. (See Figure 4)

Figure 4: Yarram Project Historical Data– Location of >58% Fe samples



Other Business

A business model has been developed to help guide exploration and start up strategy. This strategy may include a staged ramp up to take advantage of the benefits of earlier production and will be implemented as drilling results are received.

Early discussions have been held with regulatory authorities and transport groups including port authorities. The current upgrade of the bulk handling facilities at Darwin's East Arm Wharf is timely for Territory Iron.



Doug Stewart
Managing Director

Information in this report relating to geological data has been compiled or reviewed by Mr Doug Stewart who is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience in the reported fields of activity.