



TERRITORY IRON LIMITED
ABN 53 100 552 118

**NOTICE OF MEETING
AND
EXPLANATORY MEMORANDUM
FOR THE
ANNUAL GENERAL MEETING
TO BE HELD ON THURSDAY 23 NOVEMBER 2006
AT
THE CELTIC CLUB, 48 ORD STREET
WEST PERTH WA 6005**

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Territory Iron Limited will be held at The Celtic Club, 48 Ord Street, West Perth on Thursday 23 November 2006 commencing at 9am to conduct the following business:

1. Financial Report

To receive the Financial Report and the reports of the Directors and Auditors for the year ended 30 June 2006.

2. Resolution 1: Re-election of Mr Ngee Tong Low as a director

To consider and if thought fit to pass the following resolution as an ordinary resolution:

“That Mr Ngee Tong Low, who was appointed subsequent to the last annual general meeting of shareholders and retires in accordance with the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a director.”

3. Resolution 2: Re-election of Mr David Macoboy as a director

To consider and if thought fit to pass the following resolution as an ordinary resolution:

“That Mr David Macoboy, who was appointed subsequent to the last annual general meeting of shareholders and retires in accordance with the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a director.”

4. Resolution 3: Re-election of Ms Julie-Anne Wolseley as a director

To consider and if thought fit to pass the following resolution as an ordinary resolution:

“That Ms Julie-Anne Wolseley, who retires by rotation in accordance with the Company’s Constitution and, being eligible, offers herself for re-election, be re-elected as a director.”

5. Resolution 4: Ratification of issue of employee options

To consider and if thought fit to pass the following resolution as an ordinary resolution:

“That, pursuant to Australian Stock Exchange Listing Rule 7.4 and for all other purposes, the Company approve and ratify the allotment and issue of 1,550,000 options, each to acquire one fully paid ordinary share in the capital of the Company, to employees of the Company as specified in and on such terms and conditions referred to in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by any person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Resolution 5: Approval of amendment to Territory Iron Employee Share Option Plan

To consider and if thought fit to pass the following resolution as an ordinary resolution:

“That for the purposes of enabling the Company to make future issues of options under the Territory Iron Limited Employee Share Option Plan and in accordance with Australian Stock Exchange Listing Rule 7.2 Exception 9, shareholder approval is sought to amend the Company’s Employee Share Option Plan in accordance with the details set out in the Explanatory Memorandum forming part of this Notice of Meeting.”

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Territory Iron Employee Share Option Plan) and any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Resolution 6: Adoption of the Remuneration Report for the year ended 30 June 2006

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That the Remuneration Report for the year ended 30 June 2006 as disclosed in the 2006 Annual Report be adopted.”

Note: the vote on this resolution is advisory only and does not bind the Directors of the Company.

The Explanatory Memorandum that accompanies and forms part of this Notice describes in more detail the matters to be considered.

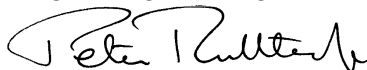
PROXIES

A form of proxy is enclosed herewith. A member entitled to attend and vote at a meeting is entitled to appoint not more than two other persons (whether members or not) to attend the meeting and, on a poll, to vote instead of him/her. Where a member appoints two proxies, the proportion of the member’s voting rights given in favour of each proxy must be specified. Proxies must be lodged at the registered office of the Company not later than 48 hours before the meeting. Proxies may be lodged by fax.

ENTITLEMENT TO VOTE

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members registered as holding ordinary shares as at 9am Perth time on Tuesday 21 November 2006 will be entitled to attend and vote at the Annual General Meeting

BY ORDER OF THE BOARD



P C RUTLEDGE – Company Secretary

17 October 2006

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Territory Iron Limited (“Territory Iron” or “the Company”) in connection with the business to be conducted at the Annual General Meeting of shareholders to be held on Thursday 23 November 2006 (“the Meeting”).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting (“the Notice”).

The following matters should be noted in respect of the Resolutions set out in the Notice:

1. Resolutions 1 and 2 – Election of Mr Ngee Tong Low and Mr David Macoboy as directors

Pursuant to Rule 7.3(g) of the Company’s Constitution, Mr Low and Mr Macoboy, who were appointed directors of the Company since the last Annual General Meeting, will retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

Mr Low (B Eng (Mech)) was appointed a director on 23 November 2005. He is a qualified mechanical engineer, having graduated from the National University of Singapore. He has over 25 years experience in the steel, ferro alloy and building materials industries in Asia. That experience was gained with Chiyoda Limited, a global Japanese civil engineering group, Intraco Limited, Intraco Resources Pty Limited, and C Itoh Limited, a significant Japanese metals trading house. Mr Low has demonstrated an excellent network for marketing in China. Mr Low has been the Chief Executive Officer of ASX listed OM Holdings Limited since its incorporation and subsequent listing in 1998. Mr Low’s business relationships and reputation with several large multinational corporations in Asia have enabled OM Holdings Ltd to successfully establish its profitable operations based in Singapore and extending to China and Australia. Mr Low through his direct and indirect interests is a substantial shareholder of OM Holdings Limited. OM Holdings Limited holds 25,000,000 ordinary shares in the Company.

Mr Macoboy was appointed a director and the Chairman of the Company on 28 December 2005. He brings to the Board skills in corporate strategy, finance, project evaluation and capitalising. He has degrees in economics and finance and won the Australian Treasurer of the Year Award in 2004. Mr Macoboy is a director on the boards of Monarch Resources Limited and Croesus Mining NL. Mr Macoboy played a key role in the resurrection of both Consolidated Minerals Limited (director until June 2006) and Portman Mining Limited.

The directors recommend the election of Mr Low and Mr Macoboy.

2. Resolution 3 – Re-election of Ms Julie Anne Wolseley as a director

Pursuant to Rule 7.3(a) of the Company’s Constitution Ms Julie-Anne Wolseley will retire by rotation at the Annual General Meeting and, being eligible, offers herself for re-election.

Ms Wolseley (B.Com, CA, MAICD) was appointed a director on 20 January 2005. She is the principal of a corporate advisory company and acts for a number of ASX listed companies focusing in the resources sector. Ms Wolseley is a non-executive director of OM Holdings Limited (appointed February 2005) and is joint company secretary of that company.

The directors recommend the re-election of Ms Wolseley.

3. Resolution 4 – Ratification of issue of employee options

Listing Rule 7.1 of the Australian Stock Exchange (“ASX”) prohibits, subject to certain exceptions, a company from issuing equity securities representing more than 15% of the issued capital of the Company in any 12 month period without the prior approval of shareholders.

One exception to Listing Rule 7.1, is Listing Rule 7.2 (Exception 9) which allows an issue of securities under an employee incentive scheme if, within 3 years prior to the date of issue, shareholders have approved the issue of securities under the scheme.

Shareholders approved the issue of options under the Territory Iron Limited Employee Share Option Plan (“the Plan”) as an exception to Rule 7.1 on 23 May 2006. The Terms and Conditions of the Plan were set out in full in Annexure B to the Explanatory Memorandum attached to the notice of that meeting and were released to the ASX in an announcement on 26 April 2006.

One of the terms of the Plan was that the expiry date of the options be 2 years after their issue date. Prior to issuing any options under the Plan the Directors determined that the two year limit was too restrictive, particularly where it was considered desirable to delay the vesting period of an option for up to 2 years from the date of issue. The Directors therefore exercised their powers to make a single amendment to the Plan extending the expiry date from 2 years to up to 5 years after the date of issue.

The Directors have since issued 1,550,000 employee options under the revised Plan setting their expiry date 3 years from date of issue. However the ASX has determined that the issues of options under the revised Plan do not qualify as an exception to Rule 7.1 as the amendment to the expiry date constituted an amendment to a material term of the Plan.

In order to refresh the Company’s ability under Listing Rule 7.1 to issue up to 15% of its issued capital at any time during the next 12 months, shareholders are being asked to give subsequent approval to the issue of the 1,550,000 options to employees in terms of Listing Rule 7.4.

The following information is provided for this purpose in accordance with ASX Listing Rule 7.5:

- a) The number of securities which have been issued is 1,550,000 options, each being an option to acquire one ordinary share in the Company.
- b) The options were issued for no consideration.
- c) The terms of the options are as set out in the Plan, the details of which were released to the ASX in an announcement on 26 April 2006, amended to extend the expiry date from 2 years after the date of issue to 3 years after the date of issue.

The exercise prices of the options are:	1,020,000 options	40.15 cents per share
	270,000 options	50 cents per share
	260,000 options	60 cents per share.

Vesting dates of the options vary up to 2 years from the date of issue.

All the shares issued as a result of exercise of the options will rank equally with the Company's existing ordinary shares

- d) The allottees of the options are set out below and are all employees of the company, or their nominees, none of whom constitute related parties of the Company:

Employee	Exercise Price(s) (cents)	No of options issued to employee or their nominee	Issue Date	Expiry Date
B Mc Fadzean	40.15, 50 & 60	600,000	20 Jun 2006	20 Jun 2009
R Vivian	40.15	200,000	20 Jun 2006	20 Jun 2009
H Mees	40.15	100,000	20 Jun 2006	20 Jun 2009
R Jennings	40.15	100,000	20 Jun 2006	20 Jun 2009
A Roach	40.15, 50 & 60	200,000	13 Oct 2006	13 Oct 2009
E Palmbachs	40.15	150,000	13 Oct 2006	13 Oct 2009
P Ruttledge	40.15	150,000	13 Oct 2006	13 Oct 2009
L Chilvers	40.15	50,000	13 Oct 2006	13 Oct 2009
		<u>1,550,000</u>		

- e) No funds have been raised as a result of the issue of the options.

The directors recommend the ratification of the issue of 1,550,000 employee options.

4. Resolution 5 – Approval of amendment to Territory Iron Employee Share Option Plan

As set out in the explanation for Resolution 4 above, shareholders approved the issue of unlisted options to subscribe for ordinary shares under the Territory Iron Limited Employee Share Option Plan (“the Plan” or “ESOP”) at a general meeting of shareholders on 23 May 2006 enabling the Company to issue options to employees without needing to revert to shareholder approval for each such issue in terms of Listing Rule 7.1. The Terms and Conditions of the Territory Iron Employee Share Option Plan were set out in full in Annexure B to the Explanatory Memorandum attached to the notice of that meeting and were released to the ASX in an announcement on 26 April 2006.

Subsequently the directors have made one amendment to the terms of the Plan to extend the maximum term of options that may be issued under the Plan from 2 years to up to 5 years by amending the definition of “Expiry Date” in the terms of the Plan

from: “Expiry Date” means in relation to an Option the date which is the second anniversary of the Issue Date

to: “Expiry Date” means in relation to an Option the date which is up to 5 years after the Issue Date as determined by the Board.

Shareholder approval is being sought for this amendment to the Plan to ensure that future issues of options to employees of the Company under the amended Plan fall within Exception 9 of Listing Rule 7.2. It should be noted that the issue of options to directors of the Company under the Plan would still require shareholder approval in accordance with ASX Listing Rule 10.14.

The Directors recommend the approval of the amendment to the Plan.

5. Resolution 6 – Adoption of the Remuneration Report

In accordance with section 250R(2) of the Corporations Act 2001 the Company submits to shareholders for their consideration and adoption, by way of a non-binding resolution, the Remuneration Report for the year ended 20 June 2006. The Remuneration Report is a distinct section of the Directors' Report which is included with the 2006 Annual Report distributed to all shareholders.

The directors recommend that shareholders vote in favour of adopting the Remuneration Report.

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Web: www.territoryiron.com.au

Proxy Form

I/we.....(full name, block letters)

of.....
being a member of Territory Iron Limited hereby appoint

..... of

or, failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held at 9 am on Thursday 23 November 2006 and at any adjournment thereof.

My proxy is instructed to vote as indicated below:

	FOR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
Resolution 1: To re-elect Mr Low as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: To re-elect Mr Macoboy as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: To re-elect Ms Wolseley as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4: To ratify the issue of employee options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5: To approve an amendment to the Territory Iron ESOP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6: To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the chair of the meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that the votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest. **The Chair intends to vote any such undirected proxies in favour of all resolutions.** If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and your Shares will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy is appointed to represent is %

If the shareholder(s) is an individual(s), every shareholder is to sign:

If the shareholder is a company, sign in accordance with Section 127(1) of Corporations Act or affix common seal (if required by Constitution).

Signed: _____

Director or Sole Director and Secretary

Signed: _____

Director/Secretary

Dated: _____ 2006

Dated: _____ 2006

This form is to be used in accordance with the directions overleaf.

Instructions for completing and lodging this Proxy Form

1. In order to direct the proxy to cast all votes covered by this instrument in a particular manner, place a tick or a cross in one of the boxes headed For, Against or Abstain.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and, on a poll, to vote in their stead.
3. Where two proxies are appointed, neither proxy shall be entitled to vote on a show of hands and, on a poll, the appointment shall be of no effect unless each proxy is appointed to represent a specified proportion of the shareholder's voting rights in which case the shareholder should indicate the proportion of voting rights this proxy represents in the box provided.
4. A proxy need not himself be a shareholder of the Company.
5. The Proxy Form must be signed by the holder or his attorney duly authorised in writing (or, if the holder is a corporation, either under the common seal of that corporation or pursuant to Section 127(1) of the Corporations Act 2001).
6. The Proxy Form (and any power of attorney or other authority pursuant to which the Proxy Form has been signed) must:

either be deposited at the registered office of the Company, Suite 4, 111 Colin Street, West Perth, WA 6005,

or be sent by post to Territory Iron Limited, PO Box 158, West Perth, WA 6872,

or be sent by facsimile to Territory Iron Limited at (08) 9483 5111

so as to be received not later than 48 hours before the time fixed for the holding of the meeting - that is to be received by 9am Western Standard Time on Tuesday 21 November 2006.

Change of Address

Should your address have changed please use this section to advise the Company **and, if faxing your proxy form, please fax this side of the proxy form as well.**

My new address is:
