



Territory Resources Limited

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30 June 2008

Manager Announcements
Company Announcements Office
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

REPORT TO SHAREHOLDERS

Attached is a Report to Shareholders that will be despatched to Territory Resources Limited shareholders.

Yours sincerely

Patrick McCole
Company Secretary

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An Australian Resources Group

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A.B.N. 53 100 552 118



ASX/MEDIA RELEASE

30 June 2008

Report to Shareholders

Realignment of Territory Resources

As the newly appointed Chairman of Territory Resources (ASX: TTY), it is appropriate and important to take this opportunity to convey a clear message on the present and forward position of the Company, including focus and strategy, current and forward operating parameters, and corporate and financial status.

I will address each of these issues in the following subsections:

A) Focus and Strategy

- The primary focus of the Company will be the supply of bulk commodities to the global carbon steel industry, particularly in China and South East Asia.
- Our flagship operation, the Frances Creek Iron Ore mine in the Northern Territory is the cornerstone to these activities. The development and expansion of the mine will be our primary focus for at least the next two years.
- Any future development of other business activities in the indicated market sector will centre on two key strengths:
 1. Our very strong capability in open cut mining, transportation and shipment of bulk commodities.
 2. A very strong understanding of the global market for carbon steel products and particularly via our close association with the Noble Group in Hong Kong.
- Our current investment in the Mineral Sands Industry, via Matilda Minerals Limited (ASX: MAL) and Olympia Resources Ltd (ASX: OLY). This investment will not interfere with our primary focus. Our general outlook for the mineral sands industry remains positive.

B) Current and Forward Operating Parameters of the Frances Creek Iron Ore Mine

- The mine is currently at the point of producing and supplying ore at approximately 1.5 million tonnes per annum, with a ratio of approximately 50/50 between lump and fines.
- The quality of the ore has been well received by steel producers in China and we are maintaining a fully sold position. The average grade of the lump is 61.5% Fe and 59.5% for the fines.
- Francis Creek currently has 10 million tonnes of inferred and indicated resources of which 1 million tonnes are inferred and 9 million tonnes are indicated. These resources are inclusive of the resources modified to produce the Company's 6 million tonnes of probable ore reserves. These resources currently indicate a forward mine life of approximately 4-5 years.
- During the next twelve months, the Company is committed to three basic targets in relation to forward production and extending the current life of the mine.
 1. Commit approximately \$11 million to exploration with the specific target of increasing resources to at least 20 million tonnes during the next 2 years.



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2. Achieve an annualised production rate of 2.25 million tonnes by December 2008 and an annualised rate of 2.5 million tonnes during 2009.
 3. Maintain our continuing improvement in the cost of production via greater efficiency in mining and processing, and ongoing economy of scale benefits.
- Continually review our sales and market position, with the expectation of entering into long-term supply agreements during the next twelve months. The sales opportunity for quality iron ore remains firm.

C) Corporate Structure

- The Board of Directors and Senior Management of the Company hold a very high level of expertise in corporate and operational management associated with the mining industry, and particularly in the supply of bulk commodities to international markets.
- The Board was recently strengthened by the appointment of Mr Richard Elman, founder and CEO of the Noble Group in Hong Kong. The Company is also currently seeking an additional two independent non-executive directors with complimentary expertise in our business activities and particularly in exploration.
- The appointment of Mr Elman confirms the ongoing and high level of support provided by the Noble Group in Hong Kong. Noble remain a major shareholder in Territory Resources.
- The Board will continue to review its corporate policy and procedures to seek the highest level of corporate governance.

D) Financial Position of the Company

- Whilst it is premature to provide a detailed financial analysis of the Company, and this will be released in accordance with normal ASX reporting requirements, we are in a position to provide the following preliminary information:
 - The Frances Creek mining operation is profitable and cash positive.
 - The Company holds sufficient cash reserves and funding arrangements to maintain normal operating activities.
 - Effective immediately, there will be no further loans to associated companies, except in extreme cases to maintain existing investments. The only exception to this position will be the outstanding formal commitment to Olympia Resources Ltd to underwrite a fundraising program in July 2008. This commitment will be honoured.
 - There will be no further provision of funds to Monarch Gold Mining Company Limited either as debt or equity.
 - Following the appointment of an independent financial advisor to review our investment in Monarch Gold Mining Company Limited, the Company has identified some concerns in relation to outstanding loans to that company. In turn, the Company has appointed a 'Receiver' in relation to the Minjar Gold Project and is ensuring securities are in place until an acceptable loan repayment plan has been confirmed and completed.
 - The Company has commenced discussions with Monarch Gold Mining Company Limited to encourage the repayment of all outstanding loans.
- The Company has appointed Euroz Securities Limited as financial advisors with the specific task of investigating the opportunity of securing limited additional funding to support programmed capital expenditure and exploration programs at Frances Creek.



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In closing, I would like to reconfirm the Board's commitment to this 'realignment strategy' and specifically returning to our primary focus of developing and expanding mining operations at Frances Creek. In turn, this will provide the maximum opportunity to achieve and deliver shareholder value for the foreseeable future.

We thank the shareholders for their continued support.

Andrew V Simpson

Chairman

For further information, please contact:

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The reported reserves and resources in this report are based on and accurately reflects information compiled by Mr Ian Hassall who is a full time employee of Territory Resources Limited and a Member of the Australasian Institute of Mining and Metallurgy. Mr Hassall has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hassall consents to the inclusion of the information in the form and context in which it appears.



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