



Territory Resources Limited

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5 May 2009

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

Dear Sir/Madam

Territory Reaches Agreement to Sell Olympia Stake

Attached is a Media Release in regard to the above.

Yours sincerely,

Patrick McCole
Company Secretary



An Australian Resources Group

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Media/ASX Release

5 May 2009

Territory Reaches Agreement to Sell Olympia Stake *73% Interest in Mineral Sands Explorer Considered to be a Non-Core Asset*

Territory Resources Limited (ASX: TTY – “Territory” or “the Company”) advises that it has signed a conditional agreement with ASX-listed mineral sands company Olympia Resources Limited (“Olympia”) and Stirling Resources Limited (“Stirling Resources”) for **the divestment of its 73% interest** in Olympia.

Consistent with its re-alignment strategy of focusing on Territory’s core strengths as a disciplined, high quality iron ore producer, the Company has, in accordance with independent advice from its corporate advisers, decided to divest its interest in Olympia as a non-core asset.

The re-alignment strategy has been delivering significant benefits in achieving key production and cost targets at the Frances Creek Iron Ore Mine, as reported in recent ASX Announcements.

Under the proposed transaction, Territory will transfer its 73% interest in Olympia (171,282,253 shares held by its subsidiary, Territory Mineral Sands Pty Ltd) and assign outstanding inter-company loans previously provided by Territory to Olympia for a consideration of \$1.75 million in cash to be received upon completion. This is equivalent to the amount still owed to Territory by Olympia.

The transaction also includes, and is conditional upon, the proposed acquisition by Olympia of the mineral sands assets owned by Stirling Resources (the soon to be acquired mineral sands assets of Matilda Minerals Limited) for \$6 million, to be paid in scrip and deferred cash consideration.

The transaction is conditional upon the Company obtaining the consent of its financiers under the standstill arrangements entered into, and announced to the market on 1 April 2009.

The transaction is also conditional upon Olympia shareholder approval being obtained for each of the transactions for the purposes of the Corporations Act and the ASX Listing Rules before 17 July 2009.

Territory acquired its 73% interest in Olympia during 2007 and early 2008 and through an unsuccessful on-market takeover bid for all of the shares in Olympia in March 2008. In July 2008, it acquired a further 71 million shares by way of a rights issue pursuant to Territory’s previous contractual obligations under a sub-underwriting agreement dated 27 May 2008. This was part of a previous diversification strategy involving investments in other commodities outside of the Company’s core iron ore operations.

Upon consolidation Territory’s interest and share of Olympia’s assets amounted to A\$16.5 million and after the impairments to date Territory expects to incur a non-cash, accounting loss of approximately A\$11 million under the transaction, the exact amount of which will be determined at the date of settlement of the transaction. As settlement is to occur in July 2009 the loss will be expensed against operating profit during the 2010 financial year.

“While it is regrettable that this transaction will crystallise a further loss from Territory’s former broad investment and diversification strategy, in our view this represents a sensible outcome which further reinforces our strong commitment to divest non-core holdings and maintain our focus on our iron ore business,” said Territory’s Chairman, Andrew Simpson.

“As part of this strategy we have no intention of pursuing operations or assets in the mineral sands sector, and this enables us to effectively recoup the outstanding balance of the inter-company loan and divest this non-core holding in a sensible and coordinated manner,” he added.

- ENDS -

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On behalf of:
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