



# Territory Resources Limited

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14 June 2011

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

Dear Sir/Madam

## **Board Unanimously Recommends \$0.50 Cash On-Market Takeover Offer by Noble**

Attached are copies of:

- a media release in regard to the on-market takeover bid by Jonesville Limited a subsidiary of Noble Group Limited for all of the ordinary shares in Territory Resources Limited (Territory);
- a letter to shareholders; and
- a supplementary target's statement in regard to the off-market takeover bid by Exxaro Australia Iron Resources Pty Ltd (Exxaro) for all the ordinary shares in Territory that will be lodged with the Australian Securities and Investment Commission and Exxaro today.

Yours sincerely,

**Patrick McCole**  
Company Secretary



**An Australian Resources Group**

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A.B.N. 53 100 552 118



Media / ASX Release

14 June 2011

## Board Unanimously Recommends \$0.50 Cash On-Market Takeover Offer by Noble

On 9 June 2011 Jonesville Limited (**Jonesville**), a wholly-owned subsidiary of the Company's major shareholder, Noble Group Limited (**Noble**), announced an on-market takeover offer for Territory Resources Limited (**Territory** or the **Company**).

Noble is offering to acquire up to 100% of the fully paid ordinary shares in Territory for \$0.50 cash per share by way of an unconditional on-market takeover offer (**Noble Offer**). The Noble Offer represents a premium of 8.7% to the conditional off-market takeover offer for Territory from Exxaro Resources Limited (**Exxaro Offer**) at \$0.46 cash per share, which opened on 3 June 2011.

The Board views the Noble Offer as a superior proposal to the Exxaro Offer and, subject to there being no further superior proposal, unanimously recommends that Territory shareholders:

- ACCEPT the Noble Offer, in the absence of a superior proposal; and
- DO NOT ACCEPT the current Exxaro Offer.

An overview of the reasons for the Board's recommendation can be found in the Supplementary Target's Statement (relating to the Exxaro Offer) attached to this announcement. Full reasons for the Board's recommendation, along with an Independent Expert's Report,<sup>1</sup> will be provided in the Target's Statement relating to the Noble Offer to be sent to shareholders no later than Thursday, 23 June 2011.

The Board notes that the Noble Offer is an on-market takeover offer which closes on Thursday, 21 July 2011. The consequences of this include:

- From 9 June 2011 until close of trading on 21 July 2011, Jonesville will buy on-market every Territory share offered to it (up to a maximum of 198.25 million<sup>2</sup> shares) at a price of \$0.50 per share; and
- In order to accept the Noble Offer, shareholders need only sell their shares on-market (via their broker) at a price of \$0.50 per share. Unlike an off-market takeover offer, there are no acceptance forms to fill out.

Notwithstanding the Board's accept recommendation in relation to the Noble Offer, the Board notes that shareholders who sell their shares into the existing Noble Offer will not receive the benefit of any subsequent higher offer from Noble, or from any third party, that may eventuate prior to closing of the existing Noble Offer.

<sup>1</sup> An Independent Expert's Report is required due Noble's 32.01% relevant interest in Territory shares prior to announcement of the Noble Offer.

<sup>2</sup> Being all Territory shares (including any shares which may be issued by virtue of exercise of any options or performance rights currently on issue) not already owned by Jonesville.





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The Board also notes that since announcement of the Noble Offer, Territory shares have been trading above the Noble Offer price. Whilst this situation persists, shareholders may be able to receive a price higher than the Noble Offer should they choose to sell their shares on-market.

Consequently, shareholders are urged to seek independent advice factoring their own individual circumstances into their preferred course of action.

As the Noble Offer was announced after lodgement of the Target's Statement relating to the Exxaro Offer, Territory remains obliged by the *Corporations Act* to mail this document to shareholders, which they will receive in the coming days. The Supplementary Target's Statement attached to this announcement will be sent at the same time. Upon receipt of this package, shareholders are urged to read both documents with the Board's change in recommendation in mind.

In accordance with previous announcements, the decision of the majority of the Board to change its recommendation in relation to the Exxaro Offer will trigger a break fee of approximately A\$1.56 million, payable to Exxaro pursuant to the Bid Implementation Agreement executed on 22 May 2011. This fee will be recognised in Territory's FY2011 full year profit and loss as a transactional expense and accordingly will impact the forecast full year result.

The Board also advises that in light of the Noble Offer, it has resolved not to issue an option to Exxaro to subscribe for up to 15% of Territory's issued share capital at a subscription price of \$0.46 per share. Consequently, the undrawn US\$36 million debt facility provided by Exxaro (through RMB) to Territory is capable of being cancelled immediately.

If you have any questions relating to the Noble Offer, the Exxaro Offer or this announcement, please call the Territory Information Line on 1800 129 431 (for callers within Australia) or +612 8280 7731 (for callers outside Australia).

- ENDS -

**Released by:**  
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**On behalf of:**  
**Andrew Simpson**  
**Chairman**  
**Territory Resources Ltd**  
**Telephone: +61-8 9483 5100**

### **Forward-Looking Statements**

*This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Territory Resources Limited, that could cause actual results to differ materially from such statements. Territory Resources Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.*



**An Australian Resources Group**

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14 June 2011

Dear Shareholder,

## **Target's Statement in relation to Exxaro Offer and update on Noble Offer**

Enclosed is a Target's Statement in relation to the off-market takeover bid by Exxaro Australia Iron Investments, a wholly owned subsidiary of Exxaro Resources Limited (**Exxaro Offer**).

Also enclosed is a Supplementary Target's Statement that refers to the subsequent announcement of the on-market takeover bid from Jonesville Limited, a wholly owned subsidiary of Noble Group Limited (**Noble Offer**).

As you will see from the Supplementary Target's Statement, the directors who previously recommended acceptance of the Exxaro Offer have now withdrawn their recommendation of the Exxaro Offer, and the Territory Board now unanimously recommends that you:

- 1 ACCEPT the Noble Offer, in the absence of a superior proposal; and
- 2 DO NOT ACCEPT the current Exxaro Offer.

For more information on the reasons for the Board's recommendation, please see the enclosed Supplementary Target's Statement.

If you have any questions in relation to the Exxaro Offer, the Noble Offer or the enclosed documents, please call the Territory Information Line on 1800 129 431 (for callers within Australia) or +612 8280 7731 (for callers outside Australia).

Yours sincerely

**Andrew Simpson**  
Chairman



## Territory Resources Limited

ABN 53 100 552 118

### First Supplementary Target's Statement

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#### 1 Introduction

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This document is a supplementary target's statement under section 644 of the Corporations Act 2001 (Cth). It is the first supplementary target's statement (**First Supplementary Target's Statement**) issued by Territory Resources Limited ABN 53 100 552 118 (**Territory**) in relation to its off-market takeover bid for all the ordinary shares in Territory by Exxaro Australia Iron Investments Pty Ltd ABN 151 112 524 (**Exxaro Iron**), a wholly owned subsidiary of Exxaro Resources Limited (**Exxaro**). This First Supplementary Target's Statement supplements, and should be read together with, Territory's target's statement dated 7 June 2011 (**Original Target's Statement**).

#### 2 Territory Board now recommends shareholders accept the Noble Offer instead of the Exxaro Offer, in the absence of a superior proposal

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On 9 June 2011, Jonesville Limited (**Jonesville**), a wholly owned subsidiary of Noble Group (Territory's largest shareholder), announced an unconditional on-market takeover offer for all of the ordinary Shares in Territory that it does not already own, at a price of \$0.50 in cash per Share (**Noble Offer**).

The Noble Offer is a competing offer to the existing off-market takeover offer for all of the ordinary Shares in Territory by Exxaro Iron, which opened on 3 June 2011 (**Exxaro Offer**). Exxaro Iron is offering a price of \$0.46 in cash per Share.

All Territory directors, including the Majority Directors, have carefully considered the advantages and disadvantages of both offers, and have decided unanimously to recommend that Territory shareholders:

- ACCEPT the Noble Offer, in the absence of a superior proposal; and
- DO NOT ACCEPT the current Exxaro Offer.

In summary, the reasons for the directors' decision to unanimously recommend that shareholders accept the Noble Offer instead of the Exxaro Offer are as follows:

1. The Noble Offer is at a price of \$0.50 in cash per Share, **which represents a premium of \$0.04 per Share (or 8.7%) to the Exxaro Offer**. In addition, the Noble Offer price represents a 79% premium to the closing price of Territory Shares of \$0.28 on 20 May 2011, the last Trading Day before the announcement of the Exxaro Offer.
2. The Noble Offer is unconditional. In contrast, the Exxaro Offer is subject to a number of conditions which if not satisfied or waived, could result in the Exxaro Offer lapsing. In broad terms, these conditions include:
  - A 60% minimum acceptance condition;

- No exercise of a change of control right by a third party as a result of Exxaro Iron acquiring Territory Shares, in respect of any material assets of, or any material agreements with, Territory (excluding certain agreements between Territory and Noble); and
- Conditions relating to material transactions, prescribed occurrences, material adverse changes, regulatory action, the conduct of Territory's business and the S&P/ASX200 index.

See Section 6.2 and Attachment 1 of the Original Target's Statement for further details of the conditions attaching to the Exxaro Offer.

3. The Noble Offer is an on-market offer, which means Territory shareholders who accept the Noble Offer will receive cash within 3 days of selling their shares.

In contrast, Territory shareholders who accept the Exxaro Offer would only be paid within one month of the Exxaro Offer becoming unconditional or, if the Exxaro Offer was already unconditional when the Offer is accepted, the earlier of within one month after acceptance and within 21 days after the end of the Offer Period. See Section 6.9 of the Original Target's Statement for further details of the payment terms under the Exxaro Offer.

4. As with the Exxaro Offer, the Noble Offer comes at a time when iron ore prices are high relative to historic levels, and there can be no guarantee that prices will stay at these levels. Accepting the cash consideration offered by Noble now mitigates the risks that a Territory shareholder might face in the event that iron ore prices fall below their current levels.
5. If the Noble Offer closes with Jonesville having acquired a relevant interest in less than 90% of Territory Shares on issue, there is a significant risk that the Territory Share price will fall.
6. No superior proposal has emerged to-date. As at the date of this Supplementary Target's Statement, Exxaro has not indicated to Territory that it intends to amend its offer.

**A full explanation of the reasons underlying the directors' unanimous recommendation to accept the Noble Offer will be contained in the Target's Statement issued by Territory in response to the Noble Offer, which will be mailed to all Territory shareholders on or before Thursday, 23 June 2011.**

In making the recommendations above, the Board wishes to make the following qualifications:

- In the period between announcement of the Noble Offer on 9 June 2011 and close of trade on the last Trading Day prior to the date of this First Supplementary Target's Statement, Territory Shares have traded above the Noble Offer price of \$0.50. As long as this situation persists, shareholders may be able to receive a higher price than the Noble Offer price by selling their Shares on-market; and
- In the event that the Territory share price falls back to \$0.50 or less, shareholders who sell their shares into the existing Noble Offer at \$0.50 per share will not receive the benefit of any subsequent higher offer from Noble, or from any third party, that may eventuate prior to closing of the existing Noble Offer.

Consequently, shareholders are urged to seek independent advice factoring their own individual circumstances into their preferred course of action.

The Board also notes that in light of the Noble Offer, it has resolved not to issue an option to Exxaro to subscribe for up to 15% of Territory's issued share capital at a subscription price of \$0.46 per share, and consequently the undrawn US\$36 million debt facility provided by Exxaro (through RMB) to Territory is capable of being cancelled immediately.

As disclosed in the original announcement of the Exxaro Offer, under the Bid Implementation Agreement, as a result of the majority of the Territory Board's change of

recommendation, Exxaro is entitled to require that Territory pay a break fee to Exxaro of \$1,557,050 to compensate Exxaro for the costs it incurred in making the Exxaro Offer. The break fee is payable within 5 Business Days of Exxaro making the demand in writing.

### 3 Timetable and process

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The takeover offer by Exxaro Iron is scheduled to close at midnight AWST on 4 July 2011 (unless extended).

The Noble Offer is scheduled to close at close of trading on 21 July 2011 (unless extended).

Territory Shareholders who have any questions in relation to the takeover bids by Exxaro Iron or Noble Group should call the Territory Information Line on 1800 129 431 (for callers within Australia) or +612 8280 7731 (for callers outside Australia).

### 4 Other notices

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Unless the context otherwise requires, terms defined in the Original Target's Statement have the same meaning as in this First Supplementary Target's Statement.

This First Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement.

A copy of this First Supplementary Target's Statement was lodged with ASIC on 14 June 2011. Neither ASIC nor any of its officers take any responsibility for its contents.

Signed for and on behalf of Territory Resources Limited following a resolution of the directors of Territory Resources Limited.

*sign here* ►



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**Director**

*print name* Andrew Haslam

*date* 14 June 2011