



Territory Resources Limited

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2 July 2009

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

Dear Sir/Madam

Territory Announces Extension to Standstill Arrangement with Financiers

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

2 July 2009

Market Update

Territory Announces Extension to Standstill Arrangement with Financiers

KEY POINTS

- **Tripartite Standstill Agreement with the Company's financiers extended by six weeks to 12 August 2009**
- **This enables negotiations to continue for a proposed Debt Restructure and a potential Equity Raising**
- **Monarch Gold Recapitalisation Deed approved by creditors, under which Territory would potentially recover the full amount of \$25.5M owing over two years, if the transaction is completed**
- **The Frances Creek Mine has maintained production at an annualised rate of more than 2.2 million tonnes per annum, at a cost for the quarter of approximately \$50/t loaded at Darwin Port.**

Territory Resources Limited (ASX: TTY – “Territory” or “the Company”) advises that it has reached agreement with its financiers, the hedge book facility provider (“Bank”) and Noble Resources Limited (“Noble”), for a six week extension of the previously announced **Tripartite Standstill Agreement to 12 August 2009** to enable the implementation of a comprehensive long-term debt reconstruction of the Company.

Under the previous standstill arrangements (as announced on 1 April 2009), the parties agreed not to enforce their rights under the financial instruments until 30 June 2009 to allow time to negotiate arrangements for the conversion of short-term debt into a suitable long-term structure.

The Company has today signed a Variation and Restatement Agreement – Standstill Agreement that has extended the standstill period until 12 August 2009 or such later date as agreed by the parties to allow for the implementation of a comprehensive debt reconstruction. The extension is subject to no event of default occurring under the standstill arrangements.

The Company has also entered into the following loan agreements:

- a Restatement Agreement – Loan Agreement with the Bank to refinance the short term loan facilities that were used to crystallise the Company's foreign exchange hedge contracts. The total loan amount under the new loan agreement is \$15.5 million and is repayable on 12 August 2009 or such later date as agreed between the parties; and
- a Supplemental Deed to the Noble Loan Agreement that extends the repayment date of the \$29.5 million loan by Noble to the Company to 12 August 2009 or such later date as agreed between the parties.

Territory is continuing negotiations with the various parties to finalise suitable arrangements for the debt restructure and proposed equity raising. The Company has placed its securities into voluntary suspension while these confidential discussions continue. Once finalised, the Company will make an announcement on the proposed arrangements and seek reinstatement of its securities for trading on the Australian Securities Exchange.

“This six week extension reflects the commitment of the parties to settle on the necessary debt restructure and the positive view adopted by the Company's financiers of the significant operational improvements achieved over the past six months, with consistent production at an annualised rate of 2.2 Mt achieved and operating costs now below A\$50/tonne loaded on the boat at Darwin,” commented Territory's Managing Director Andy Haslam.



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"The finalisation of our funding arrangements has been unavoidably put back due to the delays in the settlement of benchmark iron ore prices in China. This extension will allow time for all parties to continue to work together positively and cooperatively to achieve a sustainable and positive long-term outcome for the Company and its shareholders which enables Territory to realise its longer-term growth potential," he added.

As part of the standstill arrangements and to facilitate the debt restructure, the Company entered into a Security Trust Deed on 1 April 2009 under which it has granted a fixed and floating charge over the Company's assets, a mortgage over its shares in key subsidiaries and a mining tenement mortgage over its Frances Creek Mining Leases to secure the funding provided by the Bank and Noble.

In accordance with the ASX Listing Rules, a General Meeting of shareholder has been convened for 16 July 2009 at 2.00pm WST to seek shareholder approval for the provision of the security to Noble (see *Notice of Meeting dispatched to shareholders on 12 June 2009 for further details*).

Territory also notes that the meeting of creditors of Monarch Gold Mining Company Limited ("Monarch") was recently held at which a Varied Deed of Company Arrangement and associated recapitalisation and restructure of Monarch was approved by creditors. Territory notes that, under the approved recapitalisation proposal, the Company would recover approximately \$2.9 million upfront with the recovery of the balance of the full \$25.5 million owed by Monarch being dependant on the various parties being able to complete the transaction over the course of the next two years. Under the proposal Territory will receive:

- \$2,961,000 upon completion;
- Beneficial entitlement of the proceeds from the Minjar Project sale;
- The proceeds from the sale of the Davyhurst and Siberia Projects (if any); and
- A payment for the remainder of the \$25.5 million outstanding (if not fully satisfied by the above payments) in two years from completion of the proposed recapitalisation transaction.

- ENDS -

Released by:
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On behalf of:
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