



## LETTER TO SHAREHOLDERS 26 MAY 2011

### CASH TAKEOVER OFFER BY EXXARO RESOURCES LIMITED

Dear Shareholder,

On 23 May 2011, Territory Resources Limited ("Territory" or the "Company") announced an off-market cash takeover offer ("Offer") from Exxaro Resources Limited ("Exxaro") for the acquisition of up to 100% of the fully paid ordinary shares in Territory at a price of \$0.46 per share.

Exxaro is a South-African based, diversified mining group listed on the Johannesburg Stock Exchange with interests in coal, mineral sands, base metals and iron ore.

The Offer, which follows Exxaro completing due diligence on Territory, represents a 64% premium to the last traded price of the Company's shares prior to the announcement.

In the absence of a superior proposal, **the Offer is recommended by a majority of the Territory Board.** Furthermore, in the absence of a superior proposal, the recommending Directors will also accept the Offer in respect of all shares owned or controlled by them.

As a result of the Offer, Territory has ceased discussions with Noble Group regarding the debt-to-equity conversion proposal previously announced on 10 May 2011.

Exxaro's Bidder's Statement is expected to be mailed to shareholders in early June. Territory expects to mail out its Target's Statement shortly after this. Shareholders should carefully review and consider both of these documents, which will contain important details regarding the Offer and instructions on how to accept it.

In the meantime, for further information or to review the announcement, please visit our website ([www.territoryresources.com.au](http://www.territoryresources.com.au)) or contact Territory's shareholder information line on 1300 880 732 if you are calling from within Australia, or +61 2 8280 7496 if you are calling from overseas, between 8:30am and 7:30pm Australian Eastern Standard Time, Monday to Friday.

Yours sincerely,

**Patrick McCole**  
Company Secretary