



Territory Resources Limited

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7 August 2007

Australian Securities Exchange Limited
Company Announcements
Level 10, 20 Bond Street
SYDNEY NSW 2000

Dear Sir / Madam

LETTER TO CONSMIN SHAREHOLDERS

Attached is a copy of a letter being forwarded to shareholders of Consolidated Minerals Limited.

Yours faithfully

Peter Ruttledge
Company Secretary

For personal use only



7 August 2007

Dear Fellow ConsMin Shareholder,

Since I last wrote to you on 12 July, Territory Resources Limited (**Territory**) has announced a fully funded offer of \$2.00 cash plus 1.5 Territory shares for each of your Consolidated Minerals Limited (**ConsMin**) shares which valued ConsMin at \$966 million on a fully diluted basis (or \$3.65 per share).¹

On 20 July, Pallinghurst abandoned its original, complex and inadequate scheme and made a \$3.30 cash offer for each of your ConsMin shares targeting only a 60% acceptance. Following this announcement, ConsMin's shares closed at \$3.46 – 16 cents higher than Pallinghurst's offer.

As at close of trade on 3 August, ConsMin's share price was at a premium of 15% to Pallinghurst's revised offer and has traded at a considerable premium at all times.

Your Board took the extraordinary decision to immediately recommend Pallinghurst's revised offer despite it being 16 cents below ConsMin's closing price and well below Territory's fully funded offer as determined by the market close on that day.²

In rushing to make its extraordinary recommendation – without the benefit of a Bidder's Statement from either Territory or Pallinghurst – your Board chose to attack Territory's shares by suggesting they were substantially overvalued.

In response to this misguided view, Territory has released an updated independent valuation report from BDO Consultants, supported by an updated technical report from Snowden Mining Industry Consultants. The BDO report implies Territory's current offer for ConsMin is worth between \$3.47 and \$3.62 per share. This is consistent with the Territory Board's view that its offer is a superior alternative for CSM shareholders.

This valuation is further reinforced by the \$225 million equity commitments from Noble Group, DCM DECOMetal and Lehman Brothers at \$1 per Territory share.

I stated in my last letter that I believed Territory's offer is superior to Pallinghurst's original offer. I believe Territory's offer is also superior to Pallinghurst's latest offer.

However, as I said before, what I think isn't important. It is what you, the ConsMin shareholders, think after having the benefit of all the facts. In takeover bids, the full facts are only set out in the Bidder's and Target's Statements (to both Territory's and Pallinghurst's offers).

¹ As announced to ASX on 17 July 2007

² As at 20 July 2007



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Pallinghurst has rushed out its Bidder's Statement, encouraging you to accept its offer. I urge you NOT to even consider accepting Pallinghurst's inadequate offer before you get all the facts. Please note that Pallinghurst has the right to extend its offer if it elects to do so.

I urge you to WAIT until you receive Territory's Bidder's Statement and ConsMin's Target's Statements before responding to any offer.

Please wait for all the facts and only then make your own assessment on which offer is superior. I'm confident you'll agree with me and back Territory's superior offer for all of your ConsMin shares.

For more information on Territory, please visit www.territoryresources.com.au. If you have questions about Territory's offer, please call 1300 137 507, shareholders outside of Australia dial +61 3 9415 4273.

Yours sincerely

Michael Kiernan
Chairman

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