



POWERING POSSIBILITY

BIDDER'S STATEMENT

ACCEPT RECOMMENDED CASH OFFER

From:

Exxaro Australia Iron Investments Pty Ltd ACN 151 112 524

A wholly owned subsidiary of:

Exxaro Resources Limited

To purchase all of your shares in:

Territory Resources Limited ACN 100 552 118

For each Territory Share you will receive A\$0.46 cash

A majority of Territory Directors recommend you **ACCEPT THE OFFER** (in the absence of a Superior Proposal)

IMPORTANT NOTICE

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with it please consult your financial or other professional adviser.

Financial Advisers

Greenhill Calburn



Legal Advisers

BENNETT+CO
Corporate and Commercial Law

LAVAN LEGAL
Leaders in Law

Contents

1	Important Information and Key Dates	2
2	Letter to Territory shareholders	4
3	Reasons why you should accept the Offer	6
4	Frequently asked questions	8
5	Summary of the Offer	10
6	Information in relation to the Bidder	11
7	Information in relation to Territory	12
8	Intentions of the Bidder	14
9	Territory share capital information	15
10	Exxaro arrangements with Territory and Territory Shareholders	16
11	Additional Information	20
12	Definitions and interpretation	23
13	Approval of Bidder's Statement	26
	Appendix - The Terms and Conditions of the Offer	27

SECTION 1

Important Information and Key Dates

1.1 Key dates

23 May 2011	Announcement Date
31 May 2011	Date Bidder's Statement lodged with ASIC
3 June 2011	Date of Offer
4 July 2011	Offer Closes (unless extended)

1.2 Important information

This Bidder's Statement is given by Exxaro Australia Iron Investments Pty Ltd ACN 151 112 524 (**Exxaro Iron**), a wholly owned Subsidiary of Exxaro Resources Limited (**Exxaro**), to Territory Resources Limited (**Territory**) under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act, together with the terms of the Offer to acquire your Territory Shares.

This Bidder's Statement is dated 31 May 2011. It includes an Offer dated 3 June 2011 on the terms and conditions set out in the Appendix to this Bidder's Statement.

A copy of this Bidder's Statement was lodged with ASIC on 31 May 2011. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

1.3 Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears or the context requires otherwise, these terms are defined in section 12 of this Bidder's Statement. All references to \$ or A\$ are to Australian dollars, except where otherwise stated.

1.4 Investment decisions

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Territory Shareholder. Before deciding whether to accept the Offer, you may wish to seek independent financial and taxation advice.

1.5 Forward looking statements

This Bidder's Statement contains forward-looking statements including statements of current intentions, statements of opinion and predictions as to possible future events.

Forward-looking statements are based not on historical facts but on current expectations of future results or events. These forward-looking statements are subject to known or unknown risks, uncertainties or assumptions which could cause actual results or events to differ materially from the expectations described in the statements. Those risks, uncertainties, assumptions and other important factors are not within the control of Exxaro Iron and cannot be predicted by Exxaro Iron. While Exxaro Iron believes that the expectations reflected in the forward-looking statements in this Bidder's Statement are reasonable, no assurance can be given that such expectations will prove to be correct.

None of Exxaro Iron, Exxaro, or any of their officers, persons named in this Bidder's Statement with their consent or any person involved in the preparation of this document makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statements. Any forward-looking statement in this Bidder's Statement is qualified by this cautionary statement.

1.6 Notice to foreign Territory Shareholders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

1.7 Privacy statement

Exxaro Iron has collected your information from the register of Territory Shareholders for the purposes of making the Offer and, if accepted, administering your holding of Territory Shares. The Corporations Act requires the names and addresses of Territory Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Exxaro Iron, its related bodies corporate and their external service providers, and may be required to be disclosed to regulators, such as ASIC.

1.8 Websites

Exxaro and Territory have internet sites at the following addresses:

- <http://www.exxaro.com/>
- <http://www.territoryresources.com.au/>

Information contained in, or otherwise accessible through, these internet sites is not a part of this Bidder's Statement. These internet sites are provided for general information only.

1.9 How to accept

Acceptances for the Offer must be received in sufficient time to be acted upon before the close of the Offer Period. To accept the Offer, you should follow the instructions set out in paragraph 3 of the Appendix to this Bidder's Statement and on the enclosed Acceptance Form.

1.10 Offer Information Line

For information regarding your Territory Shares, the Offer or how to accept the Offer, please read this Bidder's Statement. If you still require assistance please call the Exxaro Offer Information Line on 1800 129 431 (local call cost within Australia) or +61 2 8280 7731 (from outside Australia).

SECTION 2

Letter to Territory shareholders

31 May 2011

Dear Territory Shareholder

Recommended off-market cash takeover bid for Territory

We are pleased to enclose an offer (**Offer**) from Exxaro Australia Iron Investments Pty Ltd ACN 151 112 524, (**Exxaro Iron**) a wholly owned Subsidiary of Exxaro Resources Limited (**Exxaro**), to acquire all your shares in Territory Resources Limited (**Territory**) for A\$0.46 cash per share.

Who is Exxaro?

Exxaro is a South African-based mining company listed on the Johannesburg Stock Exchange with a market capitalisation of approximately A\$8.4 billion. Exxaro mines, extracts and processes a range of minerals and metals, including coal, mineral sands and base metals primarily in South Africa, Australia, Namibia, and China.

Exxaro has a 20% interest in the Sishen Iron Ore Company, which operates the Sishen and Thabazimbi mines in South Africa. The Sishen mine is one of the largest single open-pit mines in the world, known for its high grade and consistent product quality.

About the Offer

The Offer provides you with a compelling opportunity to realise an exceptional cash value for your investment in Territory. There are a number of significant benefits to the Offer, including:

- A highly attractive premium for your Territory Shares:
 - 64% premium to the last traded price of Territory Shares on the ASX on 20 May 2011, being the last trading day prior to the announcement of Exxaro Iron's Offer for Territory; and
 - 69% premium to the VWAP of Territory Shares since it released a market update on 19 April 2011.
- Exxaro Iron's Offer is a simple cash offer which provides certain value for your Territory Shares whilst removing your exposure to the risks associated with a continued shareholding in Territory, including risks associated with Territory's debt levels, relatively short mine life, iron ore pricing and currency fluctuations, offtake arrangements, the recent issues posed by unseasonably wet weather in the Northern Territory and other risks typically associated with an investment in a mining company.
- Territory's share price may fall if Exxaro Iron's Offer is not successful.

Territory's second largest shareholder, DCM DECOMetal GmbH, (**DCM**) has entered into a pre-bid acceptance agreement with Exxaro in relation to its 11.19% holding in Territory.

Furthermore, the Territory board of directors has carefully considered the Offer and the majority of the board supports and recommends the Offer as being in the best interests of Territory and its shareholders, in the absence of a Superior Proposal.

The Offer is subject to conditions which are set out in the Appendix and include a 60% minimum acceptance condition, no material adverse change in relation to Territory and no prescribed occurrences in relation to Territory.

Full details of the terms of the Offer can be found in the Appendix.

Debt facility

Exxaro has agreed to provide, via FirstRand Bank Limited (acting through RMB) financing support to provide Territory up to US\$36 million in certain circumstances.

A summary of the key terms of the debt facility is set out in section 10.2.

Exxaro's intentions

If the Offer is successful, Exxaro believes that it has financial strength, operational and technical expertise and know-how to complement Territory's existing management to develop and optimise the value of Territory's mining and exploration assets.

Acceptance of the Offer

The Offer is scheduled to close at midnight on 4 July 2011 unless extended. To accept this Offer, please follow the instructions on the enclosed Acceptance Form. If you have any questions about the Offer, please contact the Exxaro Offer Information Line on 1800 129 431 (local call cost within Australia) or +61 2 8280 7731 (from outside Australia).

I strongly encourage you to ACCEPT this compelling Offer for the reasons set out in this Bidder's Statement, so that you receive a full and fair risk-free cash value for your investment in Territory.

Thank you for your consideration of the Offer.

Yours faithfully



Siphoniso Nkosi
Chief Executive Officer
Exxaro Resources Limited

SECTION 3

Reasons why you should accept the Offer

- 1 THE OFFER IS RECOMMENDED BY A MAJORITY OF THE TERRITORY BOARD.**
- 2 EXXARO IRON IS OFFERING YOU A SUBSTANTIAL PREMIUM FOR YOUR TERRITORY SHARES.**
- 3 THE OFFER CONSIDERATION EXCEEDS THE HIGHEST CLOSING PRICE OF TERRITORY SHARES IN THE 24 MONTHS PRIOR TO THE ANNOUNCEMENT OF THE OFFER.**
- 4 THE TERRITORY SHARE PRICE MAY FALL IF THE OFFER IS UNSUCCESSFUL.**
- 5 THE OFFER IS A SIMPLE CASH OFFER WHICH PROVIDES CERTAIN VALUE FOR YOUR TERRITORY SHARES WHILE REMOVING YOUR EXPOSURE TO THE RISKS ASSOCIATED WITH A CONTINUED HOLDING IN TERRITORY.**
- 6 THE OFFER REPRESENTS THE BEST OFFER FOR YOUR TERRITORY SHARES.**

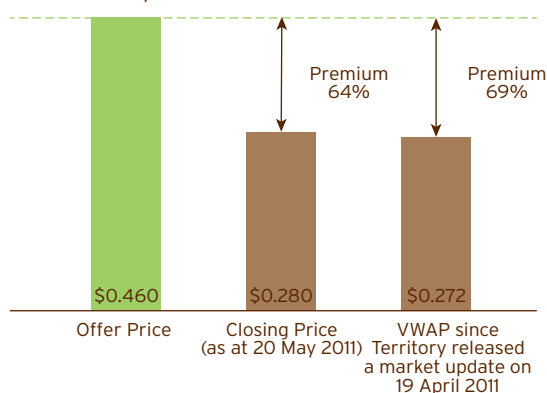
3.1 Offer recommended by a majority of the Territory Board

The Offer is recommended by a majority of the Territory Board in the absence of a Superior Proposal and the recommending directors of Territory have indicated that they intend to accept the Offer in respect of any shares they own in Territory.

3.2 Exxaro Iron is offering you a substantial premium for your Territory Shares

Exxaro Iron's cash consideration of A\$0.46 for each Territory Share represents a very substantial premium. In particular, it represents a:

- 64% premium to the last traded price of Territory Shares on the ASX on 20 May 2011, being the date prior to the announcement of Exxaro Iron's Offer for Territory; and
- 69% premium to the VWAP of Territory Shares since it released a market update on 19 April 2011.



Source: IRESS, Company announcements

3.3 The Offer consideration exceeds the highest daily closing price of Territory Shares in the 24 months prior to the announcement of the Offer

As the following chart illustrates, Exxaro Iron's cash offer of A\$0.46 per share exceeds the price at which Territory Shares have traded during the 24 month period ending on 20 May 2011.

In particular, Exxaro Iron's cash offer of A\$0.46 per share is a 5.7% premium to the highest price at which Territory Shares have traded during the 24 month period ending on 20 May 2011.



Source: IRESS, Company announcements

3.4 The Offer is a simple cash offer which provides certain value for your Territory Shares whilst removing your exposure to the risks associated with a continued shareholding in Territory

The Offer provides certainty of value by offering 100% cash consideration. By accepting the Offer you will receive A\$0.46 cash per Territory Share, subject to the satisfaction of the Bid Conditions.

Furthermore, you will not incur any brokerage charges by accepting the Offer.

You should contrast the certainty of receiving A\$0.46 per Territory Share against the various risks and uncertainties to which Territory may be subject and which could affect the liquidity and trading price of Territory Shares. The risks and uncertainties associated with Territory include:

- Territory's significant debt funding currently in the amount of approximately US\$35,498,000;
- Territory's ore reserves which imply a relatively short remaining mine life of 3 years;
- Exploration risks to increase Frances Creek mine life;
- Currency and iron ore price fluctuations;
- The ability of Territory to continue to sell its product at prevailing spot prices pursuant to its marketing and offtake arrangements with Noble;
- Operational risks associated with the Frances Creek mine and shipment through the port of Darwin; and
- Share market risks.

3.5 Territory Share price may fall if the Offer is not successful

The Offer is at a significant premium to trading prices prior to the announcement of the Offer. If the Offer is not successful, and no other offers are made for Territory Shares, the Territory Share price may fall below the current trading price.

Furthermore, if Exxaro Iron becomes the majority owner of Territory, and Territory remains a listed company the market for your Territory Shares may be less liquid or active. Therefore it could be more difficult for you to sell your Territory Shares later should you choose to do so.

3.6 The Offer represents the best offer for your Territory Shares

A majority of the Territory Board has concluded that, in the absence of a Superior Proposal, the Offer represents the best opportunity for Territory Shareholders to maximise value from their investment in Territory Shares. In reaching this view, the Territory Board concluded that, as against the Noble Proposal, the offer provides a liquidity event where all shareholders are given the best opportunity to capture immediate and certain value for their shares. Accordingly, the Territory Board has recommended that Territory Shareholders accept the Offer in the absence of a Superior Proposal.

SECTION 4

Frequently asked questions

4.1 What is the Offer?

The Offer is A\$0.46 cash for each of your Territory Shares.

4.2 Who is Exxaro?

Exxaro is a South African-based diversified mining group listed on the Johannesburg Stock Exchange with a world-class portfolio of assets spread across coal, mineral sands, base metals and iron ore. Please refer to section 6 of this Bidder's Statement for further information on Exxaro.

4.3 Who is Exxaro Iron?

Exxaro Iron is a wholly-owned subsidiary of Exxaro, formed for the purpose of making the Offer and acquiring your Territory Shares. Exxaro Iron is not currently involved in any other activities.

4.4 How do I accept the Offer?

To accept the Offer, you should follow the instructions set out in paragraph 3 of the Appendix to this Bidder's Statement and in the enclosed Acceptance Form.

4.5 Can I accept the Offer for part of my holding?

No, you cannot accept for part of your holding. Your acceptance will be treated as being for all of your Territory Shares.

4.6 Do I have to pay brokerage fees or stamp duty if I accept the Offer?

You will not incur any brokerage connected with you accepting the Offer.

You will not pay any stamp duty on accepting the Offer.

4.7 What are the tax implications of acceptance?

If you accept the Offer, you will dispose of your Territory Shares and this may have tax consequences.

A general summary of the likely Australian tax consequences is set out in section 11.6 of this Bidder's Statement. However, as personal circumstances vary, please consult your financial, tax or other professional adviser on the tax implications of accepting the Offer.

4.8 How long do I have to accept the Offer?

The Offer is currently scheduled to close at midnight on 4 July 2011, unless extended.

4.9 Can the Offer period be extended?

Yes, the Offer can be extended by Exxaro Iron or otherwise in accordance with the Corporations Act. If you have not accepted the Offer, you will receive written notice of any extension, as required by the Corporations Act.

4.10 If I accept the Offer, when will I be paid?

If you accept the Offer, once the Offer conditions have been satisfied, Exxaro Iron will pay the cash consideration of A\$0.46 per Territory Share by the earlier of:

- 1 month after acceptance (or if the Offer is conditional when acceptance is made, within 1 month after the Offer becomes unconditional); and
- 21 days after the end of the Offer Period.

Full details of when you will be paid are set out in paragraph 5 of the Appendix to this Bidder's Statement.

4.11 Can I withdraw my acceptance?

A withdrawal right will only arise if, after you have accepted the Offer and the Offer remains conditional, Exxaro Iron varies the Offer in a way that postpones for more than 1 month the time when Exxaro Iron has to pay you under the Offer.

4.12 What if the conditions of the Offer are not satisfied or waived?

If the conditions of the Offer are not satisfied or waived before the Offer closes (or in the case of prescribed occurrences, within 3 days after the Offer closes), the Offer will lapse, and acceptances will be cancelled. In other words, you will continue to hold your Territory Shares.

4.13 Can I sell my Territory Shares on the ASX?

Yes, but you will likely pay brokerage fees if you do.

4.14 Are there any conditions to the Offer?

Yes. The Offer is subject to conditions which are set out in detail in paragraph 6 of the Appendix to this Bidder's Statement. Takeover offers usually contain conditions. Note that Exxaro Iron may choose to waive conditions in accordance with the terms of the Offer.

4.15 What happens if I do not accept the Offer and Exxaro Iron achieves a relevant interest in 90% of all Territory Shares?

If you do not accept the Offer and Exxaro Iron acquires a relevant interest in at least 90% of all Territory Shares and the conditions of the Offer are satisfied or waived, Exxaro Iron intends to proceed to compulsorily acquire your Territory Shares. If this occurs, you will be paid the Offer consideration at the conclusion of the compulsory acquisition process. In these circumstances, you would have received the Offer consideration sooner if you had accepted the Offer prior to its close.

4.16 What happens if I do not accept the Offer and Exxaro Iron achieves a relevant interest in less than 90% of all Territory Shares but gains effective control of Territory?

If you do not accept the Offer and the conditions of the Offer are satisfied or waived and Exxaro Iron acquires a relevant interest in less than 90% of all Territory Shares, you will be entitled to retain your Territory Shares. However, if this occurs, your Territory shareholding will be exposed to a variety of risks, some of which are described in section 3.4, including the risk that it may become harder to sell your Territory Shares.

4.17 Is there a number that I can call if I have further queries in relation to the Offer?

Should you have any questions about this Offer or how to accept it, please call the Exxaro Offer Information Line on 1800 129 431 (local call cost within Australia) or +61 2 8280 7731 (from outside Australia).

SECTION 5

Summary of the Offer

This summary should be read in conjunction with the remainder of this Bidder's Statement.

5.1 The Offer

Exxaro Iron is offering to acquire each of your Territory Shares for A\$0.46 cash on the Offer terms and conditions set out in the Appendix to this Bidder's Statement.

The Offer relates to Territory Shares that exist or will exist as at the Register Date.

The Offer also extends to all Territory Shares that are issued before the end of the Offer Period as a result of exercise of Territory Options or vesting of Territory Performance Rights.

5.2 What price do I receive for my Territory Shares?

Exxaro Iron is offering A\$0.46 cash for every Territory Share held by you.

5.3 What conditions apply to the Offer?

The Offer is subject to conditions briefly summarised below:

- at the end of the Offer Period, Exxaro has a relevant interest in more than 60% of the Territory Shares on issue;
- no Territory Material Adverse Change occurring during the period from 23 May 2011 to the end of the Offer Period;
- except in relation to Territory's financing and marketing and offtake arrangements with Noble, no person exercises any right to terminate or vary, or adversely modify Territory's obligations under, a material agreement with Territory as a result of the Offer;
- none of the "prescribed occurrences" referred to in section 652C of the Corporations Act occur during the period from 23 May 2011 to the end of the Offer Period;
- no other specified events that may have a significant effect on the value of Territory occur during the period from 23 May 2011 to the end of the Offer Period.

The Offer conditions are set out in full in paragraph 6 of the Appendix to this Bidder's Statement.

5.4 How do I accept?

If your Territory Shares are in a CHESS Holding, then you can complete and return the enclosed Acceptance Form or instruct your Broker or other Controlling Participant to accept the relevant Offer on your behalf.

If your Territory Shares are in an Issuer Sponsored Holding, please complete the enclosed Acceptance Form in accordance with the instructions on it and return it in the reply-paid envelope provided.

5.5 Offer Period

The Offer is open now and can be accepted at any time up to the Closing Date, which unless the Offer is extended is at midnight on 4 July 2011.

5.6 Payment

If you accept the Offer, and the Offer conditions are satisfied or waived, Exxaro Iron will pay the consideration of A\$0.46 per Territory Share by the earlier of:

- 1 month after acceptance (or if the offer is conditional when acceptance is made, within 1 month after the Offer becomes unconditional); and
- 21 days after the end of the Offer Period.

SECTION 6

Information in relation to the Bidder

6.1 Exxaro Resources Limited (Exxaro)

Exxaro is a South African-based diversified mining group listed on the Johannesburg Stock Exchange, with a market capitalisation of approximately A\$8.4 billion. Exxaro has a diverse and world-class commodity portfolio in coal, mineral sands, base metals and iron ore. Exxaro is currently the second-largest South African coal producer with capacity of 48 million tonnes per annum and the third-largest global producer of mineral sands feedstock.

6.2 Exxaro's expertise

Exxaro's technical skills and capability base include the full suite of disciplines covering geology, mining, metallurgy, engineering and operation.

6.3 Exxaro Iron

Exxaro Iron is a wholly-owned subsidiary of Exxaro, formed for the purpose of making the Offer and acquiring Territory Shares. Exxaro Iron is not currently involved in any other activities.

6.4 Funding arrangements

The consideration for the acquisition of Territory Shares to which the Offer relates will be satisfied wholly in cash and, if the Offer is accepted in respect of all the Territory Shares to which the Offer relates, will be approximately A\$123 million (assuming all Territory Options are exercised and Territory Performance Rights are vested and the relevant Territory Shares are acquired through the Offer).

Exxaro has existing cash reserves in excess of the maximum consideration payable pursuant to the Offer and Exxaro intends to fund the Offer solely through these existing cash reserves. At the date of this Bidder's Statement, Exxaro has cash reserves of approximately A\$300 million.

Exxaro Iron will be capitalised by Exxaro through a subscription for share capital for the total Bid consideration.

Section 7

Information in relation to Territory

7 Information in relation to Territory

This section contains a summary of Territory's activities. It has not been independently verified by Exxaro Iron. Further information on Territory can be obtained from Territory's website (<http://www.territoryresources.com.au/>).

7.1 Key Project

Territory owns 100% of the Frances Creek hematite iron ore mine which is located 200km south of Darwin, near the township of Pine Creek, and 15km from the Adelaide-Darwin rail line. Territory commenced production at Frances Creek in May 2007, and made its first shipment of iron ore to China in September 2007, which was the first iron ore shipment from the Port of Darwin in more than 30 years.

Ore is mined at Frances Creek from a series of open pits using conventional drill, blast, hydraulic excavator and truck methods and then crushed into a lump or fines product specification, transported to a rail siding and then loaded onto trains for transportation to Territory's stockyard at Darwin Port.

Ore from Frances Creek is sold via a life-of-mine marketing and offtake agreement with Territory's major shareholder, Noble.

Territory owns a number of other exploration tenements in the Northern Territory.

7.2 Other Assets

Territory has a number of assets which Exxaro Iron considers to be separate to Territory's Frances Creek iron ore operations. The more significant of these are as follows:

- **Shares in Blackwood Corporation Ltd:** Territory holds approximately 18% of the issued capital of Blackwood Corporation Ltd, an ASX-listed company with coal exploration assets in Queensland.
- **Swan Gold Mining Limited:** Territory is owed approximately \$13.5 million by Swan Gold Mining Limited, an ASX listed company that has been suspended from trading for a substantial period. Territory also owns 39,849,657 shares being 5% of the issued shares in the capital of Swan Gold Mining Limited. On 27 May 2011 Territory accepted a conditional offer (subject to shareholder approval) from DCM to acquire Territory's remaining loans and shares in Swan Gold Mining Limited for a total of A\$6.738 million.

7.3 Directors

As at the date of this Bidder's Statement, there are 6 directors of Territory, namely:

- Mr Andrew Vincent Simpson, Non-Executive Chairman;
- Mr Andrew Malcolm Haslam, Managing Director, CEO;
- Mr Ian James McCubbing, Non-Executive Director;
- Mr Giuseppe Vince Ariti, Independent, Non-Executive Director;
- Mr Michael John Donaldson, Independent, Non-Executive Director; and
- Ms Fiona Elizabeth Harris, Independent, Non-Executive Director.

7.4 Operational performance at Frances Creek

The operational performance of Territory's Frances Creek mine experienced a significant downfall in the quarter to March 30, 2011, in a period where the Northern Territory experienced record rainfall.

As a consequence, Territory's stated expectation is to produce approximately 1.3 million shippable tonnes of iron ore for the year ending 30 June 2011. Territory is working to maintain a breakeven position for the second half of the financial year and, as such, Territory expects its financial results for the full financial year to be in line with the financial results achieved during the first half of the financial year.

7.5 Offtake arrangements

As noted above, Territory has entered into a “life of mine” marketing and offtake agreement with Noble.

Territory has been operating under arrangements with Noble whereby Territory has been negotiating separate sales contracts for each shipment of ore.

The pricing under these contracts is based on prevailing spot prices and determined on a cargo by cargo basis.

7.6 Territory debt position

Territory has in place with Noble a prepayment facility (used for working capital purposes) with a facility limit of US\$15.0 million. As at the date of this Bidder’s Statement, this facility is drawn to the amount of US\$14.6 million.

Whilst the term of the prepayment facility runs to 31 December 2011, the facility is callable by Noble at any time on demand.

Territory also has in place a term debt facility with Noble. As at the date of this Bidder’s Statement, the amount outstanding under this facility is approximately US\$20.7 million.

The term debt facility is due for repayment in full by 31 October 2011.

The term debt facility is also subject to a number of conditions standard for facilities of this nature, allowing Noble to call up the outstanding balance in full on the occurrence of certain events.

SECTION 8

Intentions of the Bidder

8.1 General

The intentions of Exxaro Iron set out in this section are based on facts and information concerning Territory which are known to Exxaro Iron as at the date of this Bidder's Statement. Accordingly, the intentions may vary as other information becomes available or circumstances change.

8.2 Intentions upon acquiring more than 60% but less than 90% of Territory Shares

On completion of the Offer, Exxaro Iron may hold a sufficient number of Territory Shares to exercise control over the management and operations of Territory but may not be entitled to compulsorily acquire all outstanding Territory Shares. If Exxaro Iron has a relevant interest in more than 60% of all Territory Shares on issue at the completion of the Offer, Exxaro Iron:

- will complete an immediate review of Territory's operations at both a strategic and operational level to, firstly, endeavour to enhance the Frances Creek mining operations, secondly, to enhance the development of Territory's iron ore exploration assets and, thirdly, to assess whether to seek to dispose of any other assets;
- will review the marketing and offtake arrangements with Noble;
- will review the composition of the Territory Board, including seeking the appointment of nominees of Exxaro Iron to the Territory Board so that such nominees represent the majority of the directors of the Territory Board;
- will continue the employment of the existing non-director employees of Territory on terms no less favourable than their existing terms of employment for at least 6 months from the date it obtains control of Territory; and
- will consider whether or not to seek that Territory be removed from the official list of the ASX.

8.3 Intentions upon acquisition of 90% or more of Territory Shares

On completion of the Offer, if Exxaro Iron holds a relevant interest in 90% or more of all Territory Shares, Exxaro Iron will proceed to compulsorily acquire all outstanding Territory Shares. At the conclusion of the compulsory acquisition process, Exxaro Iron intends to arrange for Territory to be removed from the official list of the ASX.

Exxaro Iron will also implement its intentions as set out in section 8.2.

8.4 Intentions upon acquiring less than 60% of Territory Shares

While the Offer is conditional on Exxaro Iron acquiring at least 60% of all Territory Shares, Exxaro Iron is entitled to waive this condition. Exxaro Iron has no present intention to waive this condition but if its intention changes, and it obtains a Relevant Interest in more than 50% of all Territory Shares, Exxaro Iron will endeavour to implement its intentions as it has outlined in section 8.2 to the extent it is able to do so, and otherwise Exxaro Iron will seek the appointment of at least one of its nominees to the Territory Board for so long as it maintained a holding of at least 20% of all Territory Shares.

SECTION 9

Territory share capital information

9.1 Capital structure

The total number of securities in Territory as at the date of this Bidder's Statement is:

- 265,121,141 Territory Shares;
- 2,083,000 Territory Options; and
- 2,406,458 Territory Performance Rights.

Prior to being approached by Exxaro in relation to the Offer, the Territory Board had also approved the issue of 933,770 Performance Rights that are not yet issued. (Refer to section 11.5 for further details.)

9.2 Substantial shareholders

Based on material lodged with the ASX as at the date of this Bidder's Statement pursuant to section 671B of the Corporations Act, each of the following persons had the following substantial shareholding in the issued ordinary capital of Territory:

Shareholder	No of Shares	Percentage of total shares
Jonesville Ltd and Crawley Resources Limited (Noble Group)	76,771,731	29.01
DCM DECOMetal GmbH (DCM)	29,675,836	11.19
Exxaro	29,675,836	11.19
Deutsche Bank AG	15,482,805	5.84

Exxaro has a Relevant Interest in the 29,675,836 Territory Shares held by DCM pursuant to the Pre-Bid Agreement. Under the Pre-Bid Agreement, DCM has agreed to accept into the Offer within 2 Business Days of the Offer opening. Further, unless and until the Bid lapses, DCM has agreed to exercise its voting rights in relation to its shareholding in Territory as directed by Exxaro.

9.3 Details of Exxaro Iron's Relevant Interest in Territory Shares

As a consequence of the Pre-Bid Agreement, Exxaro Iron's Relevant Interest in Territory Shares as at the date of this Bidder's Statement is 11.19% as follows:

Basis of relevant interest	Legal Holder	No of Territory Shares	% of Territory Shares on Issue
Pre-Bid Agreement	DCM	29,675,836	11.19

9.4 Details of Exxaro Iron's voting power in Territory

As at the date of this Bidder's Statement, Exxaro Iron's Voting Power in Territory is 11.19%.

9.5 Exxaro Iron's Directors' interests in Territory

As at the date of this Bidder's Statement, no director of Exxaro or Exxaro Iron has a relevant interest in any Territory Shares or any other securities in Territory.

SECTION 10

Exxaro Arrangements with Territory and Territory Shareholders

10.1 Bid Implementation Agreement

Exxaro and Territory entered into a Bid Implementation Agreement on 22 May 2011 under which Exxaro and Territory have agreed to co-operate with each other in relation to the Bid. A summary of the terms of the Bid Implementation Agreement is set out below.

Under the Bid Implementation Agreement:

The Bid and recommendation

10.1.1 Exxaro has agreed to make the Offer to all Territory Shareholders in respect of all of their Territory Shares.

10.1.2 Territory represents and warrants to Exxaro that a majority of the Territory Board will recommend that, in the absence of a Superior Proposal, Territory Shareholders accept the Offer.

10.1.3 Territory will procure the members of the majority of the Territory Board who recommend the bid to accept the Offer in relation to any Territory Share held by them, in the absence of a Superior Proposal.

Facilitating the Bid

10.1.4 For purposes of item 6 of section 633(1) of the Corporations Act, Territory agrees that Exxaro may despatch offers under the Bid to Territory Shareholders on the day on which the Bidder's Statement as lodged with ASIC is served on Territory or within 28 days after that day.

10.1.5 In the absence of a Superior Proposal, Territory and a majority of its directors will support the Bid and participate in efforts reasonably required by Exxaro to promote the merits of the Bid, but only to the extent that the majority of the Territory Board or the relevant director considers they may do so without breaching their duties as a director of Territory.

10.1.6 Territory agrees to use its reasonable endeavours to ensure satisfaction of the Bid Conditions.

10.1.7 Within 5 Business Days of the Offer becoming unconditional, Exxaro must make a private treaty offer to acquire all of the Territory Options (outstanding as at that date) from each holder of Territory Options. If accepted, the acquisition must be completed within 21 days of receipt of the acceptance.

10.1.8 Subject to any agreement between the parties, Territory must procure that the Territory Board will:

(a) take all actions necessary to ensure the nominees of Exxaro (**Exxaro Nominees**) are lawfully appointed as directors of Territory and that non Exxaro Nominees resign such that the Exxaro Nominees represent:

(i) three out of six directors of the Territory Board if Exxaro acquires a Relevant Interest in excess of 50% of the Territory Shares and the Bid has become or is declared free from all Bid Conditions; and

(ii) a majority of the Territory Board once Exxaro has paid for those acceptances of the Bid which resulted in it acquiring a Relevant Interest of 50% of the Territory Shares; and

(b) as soon as practicable after Exxaro acquires a Relevant Interest in 90% of the Territory Shares and the Bid has become or is declared free from all Bid Conditions, ensure that all except one of the directors on the Territory Board, other than the Exxaro Nominees, resign (provided the proper board is constituted at all times) and the continuing director resigns upon Territory being delisted,

provided that Exxaro procures that the Exxaro Nominees do not participate in decisions of Territory in relation to the Bid until after the end of the Offer Period.

10.1.9 Exxaro currently wishes to continue the employment of the existing non-director employees of Territory on terms no less favourable than their existing terms of employment.

10.1.10 In the event that Exxaro obtains control (as defined in section 50AA of the Corporations Act) of Territory under or as a consequence of the Bid, Exxaro will not take any action, for a period of 6 months from the date that Exxaro obtains control of Territory, to:

- (a) terminate the existing employment agreement of any Territory employee as at the Announcement Date (except as permitted for cause under the terms of employment for such employee);
- (b) make any position held by an employee of Territory as at the Announcement Date redundant; or
- (c) reduce or adversely vary the terms and conditions of employment of any employee as at the Announcement Date (except in respect of the job title of such employee).

Compensation amount

10.1.11 Territory undertakes to pay Exxaro a compensation amount of A\$1,557,050 plus the amount of any GST payable, if:

- (a) Territory accepts or enters into or offers to accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal, or declares an intention to do any of these things;
- (b) a majority of the Territory Board does not recommend the Bid or withdraws, qualifies or adversely modifies an earlier recommendation or approves or recommends or makes an announcement in support of a Competing Proposal or announces an intention to do any of these acts;
- (c) before the date that is 6 months after the Offer Period ends, a person (other than Exxaro or an Associate of Exxaro) and that person's Associates increases its Relevant Interest to more than 40% of Territory Shares pursuant to a Competing Proposal that was announced (or such intention was announced) before the end of the Offer Period;
- (d) Territory or any of its directors does (or omits to do) anything (whether or not it may be permitted by the terms of this document) which results in:
 - (i) any of the Bid Conditions not being satisfied or becoming incapable of being satisfied and Exxaro does not declare the Bid free of the breached condition (which Exxaro is under no obligation to do); or
 - (ii) a Territory Prescribed Occurrence occurring other than with the consent of Exxaro; or
 - (iii) Territory breaches certain provisions of the Bid Implementation Agreement.

10.1.12 Following receipt by Exxaro of the compensation amount, Exxaro will not have any other claim under the Bid Implementation Agreement in respect of the matter that gave rise to such payment.

Exclusivity

10.1.13 During the Bid Exclusivity Period, Territory must not except with the prior written consent of Exxaro, directly or indirectly solicit or invite any Competing Proposal or initiate or encourage discussions with any third party which may reasonably be expected to lead to a Competing Proposal or with a view to obtaining any expressions of interest, offer or proposal from any person in relation to a Competing Proposal.

10.1.14 During the Bid Exclusivity Period, Territory must not, and must ensure that its Representatives do not, except with prior written consent of Exxaro:

- (a) participate in any negotiations in relation to a Competing Proposal or which may reasonably be expected to lead to a Competing Proposal;
- (b) enter into any relevant agreement in connection with a Competing Proposal;
- (c) provide any information to a third party for the purposes of enabling that party to make or consider making a Competing Proposal or in circumstances where the provision of information may reasonably be expected to lead to a Competing Proposal;
- (d) communicate any intention to do the things in paragraph (a) - (c) above;

save where the Territory Board, acting in good faith, determines that any Competing Proposal may reasonably be expected to lead to a Superior Proposal and that failing to respond to the Competing Proposal would be likely to constitute a breach of the Territory Board's fiduciary or statutory duties.

10.1.15 Territory warrants that, as at the date of the Bid Implementation Agreement, it has ceased any existing discussions or negotiations with any party in relation to any Competing Proposal.

- 10.1.16 During the Bid Exclusivity Period, Territory must promptly notify Exxaro in writing of any approach in relation to a Competing Proposal which notice must include reasonable details of the applicable matter (including the identity of the third person and, if applicable, all material terms of the Competing Proposal) save where the Territory Board, acting in good faith, after having obtained written advice from its legal advisers, determines that providing such details would be likely to constitute a breach of the Territory Board's fiduciary or statutory duties.
- 10.1.17 If, during the Bid Exclusivity Period, the Territory Board has determined that a Competing Proposal may reasonably be expected to lead to a Superior Proposal, the following provisions apply:
- (a) Territory must promptly give Exxaro notice in writing of that fact and that notice must provide all material details of the Superior Proposal, including details of the proposed acquirer and any other material details;
 - (b) if Territory gives Exxaro such a notice, Territory agrees that it will not, until the end of 4 Business Days following the receipt of that notice by Exxaro, enter into any legally binding agreement, whether conditional or not, with respect to the Superior Proposal;
 - (c) if Territory gives Exxaro a notice, Exxaro will have the right, but not the obligation, at any time until the end of 4 Business Days following receipt of the notice to:
 - (i) offer to amend the terms of the Bid; or
 - (ii) propose any other transaction, (each a **Counterproposal**), and if Exxaro does so, the Territory Board must promptly review the Counterproposal in good faith and do what the Territory Board considers is required to comply with its fiduciary or statutory duties, to determine whether the Counterproposal is equal to or more favourable to Territory Shareholders than the Superior Proposal;
- 10.1.18 if the Territory Board determines, in good faith and in order to satisfy what the Territory Board considers to be its fiduciary or statutory duties, that the Counterproposal is equal to or more favourable to Territory Shareholders than the Superior Proposal, then:
- (a) if the Counterproposal contemplates an amendment to the Bid, the parties must enter into a document amending the Bid Implementation Agreement to reflect the Counterproposal;
 - (b) if the Counterproposal contemplates any other transaction, Territory must make an announcement as soon as reasonably practicable recommending the Counterproposal, in the absence of a more favourable proposal, and the parties must pursue the implementation of the Counterproposal in good faith;
 - (c) each material successive modification of any Competing Proposal in relation to a Superior Proposal made during the Bid Exclusivity Period will be deemed to constitute a new proposal and the provisions of this clause will apply to each such new proposal; and
 - (d) the terms of the Bid Implementation Agreement apply to any Counterproposal as if such proposal constitutes the Bid.
- Termination**
- 10.1.19 Either party to the Bid Implementation Agreement may terminate that agreement:
- (a) if the other party is in material breach of this document and that breach is not remedied by that other party within 10 Business Days;
 - (b) if a court or other Public Authority issues a final and non-appealable order or ruling or takes an action which permanently restrains or prohibits the Offer; or
 - (c) if the Bid lapses for any reason including non-satisfaction of a condition of the Bid.
- 10.1.20 Exxaro may terminate the Bid Implementation Agreement if:
- (a) Territory is in breach of the exclusivity obligations outlined above;
 - (b) the majority of the Territory Board changes its recommendation in relation to the Bid following or as a result of the Board determining that it has received a Superior Proposal;
 - (c) a majority of the Territory Board does not recommend the Bid be accepted by Territory Shareholders or, having recommended the Bid, changes, qualifies or adversely modifies its recommendation in relation to the Bid;
 - (d) a Territory Prescribed Occurrence occurs;
 - (e) a Territory Material Adverse Change occurs; or
 - (f) there is an Event of Default under the RMB Facility Agreement.

10.2 RMB Facility Agreement

FirstRand Bank Limited (acting through its Rand Merchant Bank Division (**RMB**)) (guaranteed by Exxaro) and Territory entered into a facility agreement on 22 May 2011 under which RMB has agreed to provide financing support to Territory of up to US\$36 million (**Facility**) to satisfy moneys owing to Noble Resources Ltd and for other working capital purposes (**RMB Facility Agreement**). A summary of the terms of the RMB Facility Agreement is set out below. Under the RMB Facility Agreement:

10.2.1 The RMB Facility Agreement contains usual commercial terms for a facility of this nature.

10.2.2 The Facility is to be secured by the provision of:

- (a) a mining mortgage over certain mining tenements held by Territory;
- (b) a fixed and floating charge over all of the assets and undertakings of Territory and Territory Iron Pty Ltd;
- (c) a share mortgage over the share held by Territory in Territory Iron Pty Ltd and Territory Land Holdings Pty Ltd; and
- (d) a guarantee and indemnity granted by Territory Iron Pty Ltd.

10.2.3 The Facility is available for drawing following the satisfaction of usual conditions precedent for a Facility of this nature until the earlier of:

- (a) the Bid lapsing due to the non-satisfaction of conditions or the Bid being withdrawn;
- (b) a Superior Proposal being announced;
- (c) if, on or before 10 June 2011, Territory has not offered to Exxaro or its nominee an unconditional option to subscribe for up to the maximum number of shares that Territory is able to issue pursuant to any applicable law at an offer price of \$0.46 per share exercisable by Exxaro at any time within 6 months after the offer of the option (**Exxaro Option**); and
- (d) the final repayment date.

RMB has agreed that the conditions precedent to drawing have been satisfied, subject to the satisfaction of certain conditions subsequent.

10.2.4 The Facility is interest only payable monthly and must be repaid as a bullet in full at the earlier of

- (a) 12 months from the date of first drawdown; and
- (b) 15 months from the date of the RMB Facility Agreement.

10.2.5 The Facility is also repayable in full in the following circumstances:

- (a) if the Bid lapses due to non-satisfaction of the conditions or the Bid is withdrawn, Territory must repay the Facility in full in 90 days;
- (b) if a Competing Proposal is made which is:
 - (i) not recommended by the board of Territory within 5 Business Days of the announcement, Territory must repay the Facility in full in a further 90 days;
 - (ii) recommended by the board of Territory, Territory must repay the Facility in full in 14 days;
- (c) if, on or before 10 June 2011, the Exxaro Option has not been offered, Territory must repay the Facility in full in 14 days;
- (d) if the Territory Board withdraws, qualifies or adversely modifies their recommendation of the Bid, Territory must repay the Facility in full in 14 days.

10.3 Pre-Bid Agreement

Exxaro and DCM entered into a Pre-Bid Acceptance Agreement on 22 May 2011. A summary of the terms of the Pre-bid Agreement is set out below.

Subject to the Offer being made on or before 30 June 2011, DCM has agreed to accept the Offer for the 29,675,836 Territory Shares it holds (**Acceptance Shares**) within 2 Business Days of the Offer opening and not withdraw that acceptance in relation to the Acceptance Shares.

Unless and until the Bid lapses, DCM:

- must not deal in any Acceptance Shares other than by accepting the Offer; and
- will exercise its voting rights in relation to the Acceptance Shares as directed by Exxaro and if requested by Exxaro will appoint Exxaro's nominee as its proxy and/or corporate representative to vote at any general meeting of Territory.

A copy of the Pre-Bid Agreement was attached to Exxaro's notice of initial substantial holder (Form 603) released to the ASX on 24 May 2011.

SECTION 11

Additional Information

11.1 Date for determining holders of securities

For the purposes of section 633 of the Corporations Act, the date for determining the persons to whom information is to be sent under items 6 and 12 of section 633(2) of the Corporations Act is the Register Date.

11.2 Consideration provided for Territory Shares during previous 4 months

Neither Exxaro Iron nor any of its Associates has provided (nor agreed to provide) consideration for a Territory Share during the 4 months before the date of this Bidder's Statement except pursuant to the Pre-bid Agreement. Pursuant to the Pre-bid Agreement, if the Offer becomes unconditional, DCM will receive the Bid consideration pursuant to the Offer.

11.3 Inducing benefits during previous 4 months

Neither Exxaro Iron nor any of its Associates has, during the period of 4 months ending on the day immediately before the date of the Offer, given, or offered or agreed to give, a benefit to another person, which benefit was likely to induce the other person, or an Associate, to accept an offer or dispose of Territory Shares and which benefit was not offered to all holders of Territory Shares.

11.4 Territory Options

On the Offer becoming unconditional, Exxaro Iron has agreed to make an offer to acquire all of the Territory Options (outstanding as at that date) from each holder of Territory Options for the Territory Option Consideration. The offer will be made within 5 Business Days of the Offer becoming unconditional.

11.5 Territory Performance Rights

Territory has on issue 2,406,458 Performance Rights held by various employees which are subject to vesting conditions including:

- service conditions for the individual employees and an increase in the mine life of the Frances Creek mine or an equivalent increase in Territory's reserves through merger or acquisition (as to 50%); and
- achievement of total shareholder return greater than 15% per annum over the period 1 July 2010 to 30 June 2013 (as to 50%).

While in the ordinary course, none of the Performance Rights are due to vest until at least 30 June 2012, under the terms of Territory's Performance Rights Plan in the event that the Bid is declared unconditional the Territory Board may determine an alternate measurement date for the purpose of determining the number of Performance Rights that will vest (if any).

Prior to being approached by Exxaro in relation to the Offer, the Territory Board had also approved the issue of 933,770 Performance Rights that are not yet issued.

11.6 Taxation considerations

11.6.1 Introduction

The following is an outline of the principal Australian income tax consequences applicable to a Territory Shareholder who disposes of Territory Shares under the Offer. This outline reflects the current provisions of the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth) and the regulations made under those Acts, taking into account Exxaro Iron's understanding of the current administrative practices of the Australian Tax Office.

The following outline is not exhaustive of all possible Australian income tax considerations that could apply to Territory Shareholders. In particular, the summary is only relevant to those Territory Shareholders who hold their shares on capital account.

The following outline does not address any tax considerations applicable to Territory Shareholders that may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, superannuation funds, dealers in securities, Territory Shareholders which hold Territory Shares on behalf of another person, Territory Shareholders who acquired their Territory Shares as part of employee share schemes or those Territory Shareholders who hold their shares on revenue account.

For Territory Shareholders who are non-residents of Australia for income tax purposes, it is assumed that the Territory Shares are not held, and have never been held, as an asset of a permanent establishment of that Territory Shareholder in Australia.

For the avoidance of doubt, the following outline does not consider any tax implications in other jurisdictions or countries outside of Australia.

The outline does not constitute tax advice. Each Territory Shareholder should consult their own tax adviser regarding the consequence of acquiring, holding or disposing of their Territory Shares.

11.6.2 Taxation on the disposal of Territory Shares

If you accept the Offer, you will be treated as having disposed of your Territory Shares for Australian income tax purposes.

11.6.3 Australian resident Territory Shareholders

If you are a resident of Australia for income tax purposes, you will realise a capital gain in connection with the disposal of a Territory Share to the extent that the amount you receive (or will receive) for the disposal of that Territory Share is more than the cost base of that Territory Share. You will realise a capital loss to the extent that the amount you receive (or will receive) is less than the reduced cost base of the Territory Share. Capital losses can usually be offset against capital gains you realise in the same income year or in later income years.

The cost base of a Territory Share should be the total amount you paid for the Territory Share, your acquisition costs and other costs relating to the holding or disposal of the Territory Share, to the extent to which you have not claimed an income tax deduction for such costs (e.g. brokerage fees). The reduced cost base of a Territory Share is usually determined in a similar, but not identical, manner. There are a number of circumstances that may result in your cost base or reduced cost base being calculated in a different manner to that outlined above. We recommend that you consult your tax adviser to confirm the cost base or reduced cost base of your Territory Shares.

Any net capital gain should be included in your assessable income in the income year in which you accept the Offer and the Offer becomes unconditional. Broadly, your net capital gain in respect of an income year will be calculated by aggregating all of your capital gains realised in that income year and reducing that amount by your capital losses realised in that income year and any available net capital losses from the prior years.

CGT discount

Territory Shareholders who are individuals, trusts or complying superannuation funds may be eligible for discount capital gains treatment in respect of a Territory Share if they have held the Territory Share for at least 12 months. The applicable CGT discount which would reduce a net capital gain arising from the disposal of Territory Shares is as follows:

- 50% for individuals and trustees (except a trust that is a complying superannuation trust); and
- 33.33% for a complying superannuation trust.

The CGT discount is not available to Territory Shareholders that are companies.

Indexation

Although unlikely to arise in the current circumstances, Territory Shareholders who acquired their Territory Shares prior to 11.45am on 21 September 1999 can elect to apply indexation to the cost base of their shares up to 30 September 1999. Territory Shareholders who elect to apply indexation may not also apply the CGT discount.

The above comments will not apply to you if you buy and sell shares in the ordinary course of business, or if you acquired the Territory Shares for resale at a profit. In those cases, any gain is generally taxed as ordinary income.

11.6.4 Non-resident Territory Shareholders

If you are not a resident of Australia for income tax purposes, you will generally not have to pay Australian tax on any capital gain when you dispose of your Territory Shares, unless both of the following requirements are satisfied:

- (a) you hold a 'non-portfolio' interest in Territory; and
- (b) the Territory Shares pass the 'principal asset test'.

If either element is absent, any capital gain made on the disposal of your Territory Shares should not be subject to income tax in Australia.

Non-portfolio interest

You will hold a 'non-portfolio interest' in Territory if you (together with your Associates) own, or owned, throughout a continuous 12 month period during the two years preceding the sale of your Territory Shares, 10% or more of (broadly) all of the Territory Shares.

Principal asset test

Broadly, the Territory Shares would pass the 'principal asset test' if the market value of Territory's direct and indirect interests in Australian land (including leases and mining rights) is more than the market value of its other assets at the time you accept the Offer. Detailed calculations are necessary to determine the results of the 'principal asset test'.

If you hold a 'non-portfolio interest' in Territory, you should contact Territory to determine if the Territory Shares would pass the 'principal asset test'.

If you buy and sell shares in the ordinary course of business, or acquired the Territory Shares for resale at a profit, any gain could be taxed in Australia as ordinary income and not as capital gain (subject to any available relief under a double tax treaty that Australia has concluded with your country of residence). Again, you should seek your own tax advice.

You should seek advice from your tax adviser as to the taxation implications of accepting the Offer in your country of residence.

11.6.5 Stamp duty

Any stamp duty payable on the transfer of Territory Shares to Exxaro Iron pursuant to the Offer will be paid by Exxaro Iron.

11.7 Broker handling fees

Subject to the Offer becoming unconditional, Exxaro Iron will pay handling fees (**Handling Fees**) to Brokers in respect of valid acceptances received from retail Territory shareholders (**Retail Acceptances**), on the terms set out below.

A retail Territory shareholder is one who is not a Broker or an Associate of a Broker and who is, as at the date of the Retail Acceptance, recorded on the register of Territory Shareholders (or who has a beneficial interest in Territory Shares through a registered Territory Shareholder) and holds fewer than 1 million Territory Shares.

The Handling Fee payable in respect of a Retail Acceptance will be 0.75% of the consideration payable by Exxaro Iron under the Offer as a result of that Acceptance, subject to:

- the minimum Handling Fee payable in respect of any Acceptance being \$50; and
- the maximum Handling Fee payable in respect of any Acceptance being \$750.

11.8 Consents

This Bidder's Statement contains statements made by, or statements based on statements made by, each of Exxaro Iron, Exxaro, and Exxaro Group. Each of them has consented to the inclusion of:

- each statement it has made; and
- each statement which is based on a statement it has made,

in this Bidder's Statement in the form and context in which those statements appear.

Greenhill Caliburn and RMB have acted as financial advisers to, Lavan Legal and Bennett + Co acted as legal advisers to, and Link Market Services Limited has acted as Controlling Participant for Exxaro Iron in relation to the Offer.

Each of Greenhill Caliburn, RMB, Lavan Legal, Bennett + Co and Link Market Services Limited have consented to be named in the Bidder's Statement in the context in which it has been named and has not withdrawn its consent as at the date of this Bidder's Statement, but should not be regarded as having caused or authorised the issue of this Bidder's Statement or any statements made in it or to have been in any way involved in the making of the Offer.

To the extent permitted by law each of Greenhill Caliburn, RMB, Lavan Legal, Bennett + Co and Link Market Services Limited disclaims and takes no responsibility for this Bidder's Statement (other than in reference to its respective name) or any part of any statements in or omissions from this Bidder's Statement.

11.9 No other material information

Except as set out in this Bidder's Statement, there is no other information that is:

- material to the making of a decision by a Territory Shareholder whether or not to accept an Offer; and
- is known to Exxaro Iron,

that has not previously been disclosed to the Territory Shareholders.

SECTION 12

Definitions and Interpretation

Definitions

12.1 In this Bidder's Statement, the following words have these meanings unless a contrary intention appears or the context otherwise requires:

Acceptance Form means a form of acceptance and transfer enclosed with this Bidder's Statement.

Announcement Date means the date on which the Bid was announced to the ASX by Territory being 23 May 2011.

Appendix means the Appendix to this document.

ASIC means the Australian Securities and Investments Commission.

ASX Settlement Operating Rules means the settlement rules of the ASX.

Associate has the meaning given in section 12(2) of the Corporations Act.

ASX means ASX Limited or the Australian Stock Exchange, as appropriate.

ASXS means the ASX Settlement Pty Limited (ABN 49 008 504 532), the body which administers CHES in Australia.

ASX Listing Rules means the listing rules of the ASX.

AWST means Australian Western Standard Time.

Bid means a takeover bid under Chapter 6 of the Corporations Act under which Exxaro Iron offers to acquire all Territory Shares on the terms set out in this Bidder's Statement.

Bid Conditions means the conditions to the Offer which are set out in section 6 of the Appendix.

Bid Exclusivity Period means the period commencing from the date of the Bid Implementation Agreement to expiry of the Offer Period or the date that the Bid Implementation Agreement is terminated (whichever is earlier).

Bid Implementation Agreement means the Bid Implementation Agreement entered into by Exxaro and Territory on or prior to the Announcement Date.

Bidder's Statement means this document, being the statement made by Exxaro Iron

under Part 6.5 Division 2 of the Corporations Act relating to the Bid, and includes the Appendix.

Broker means a person who is a share broker and a participant in CHES.

Business Day means a day (other than Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

CHES means the Clearing House Electronic Subregister System, which provides for electronic share transfers in Australia.

CHES Holding means a holding of Territory Shares on the CHES subregister of Territory.

Closing Date means midnight Australian Western Standard Time on 4 July 2011.

Competing Proposal means any proposal that would if completed substantially in accordance with its terms, result in:

- (a) any person or persons other than Exxaro or one of Exxaro's Associates:
 - (i) acquiring an interest in all or a substantial part of the assets of Territory;
 - (ii) increasing its Relevant Interest in Territory Shares as a result of which its Relevant Interest in Territory Shares is above 20% of the voting shares of Territory or, in a case where the person or persons already have a Relevant Interest in Territory Shares above 20% of the voting shares of Territory, any increase in its Relevant Interest (including but not limited to the proposal announced by Territory on 10 May 2011 but not including any increase in Nobel's Relevant Interest in reliance on item 9 of the section 611 of the Corporation Act);
 - (iii) acquiring control of Territory within the meaning of section 50AA of the Corporations Act; or
- (b) Territory and another person or persons (other than Exxaro or one of Exxaro's Associates) operating under a dual listed company, or similar structure.

Condition Period means the period beginning on the Announcement Date and ending at the end of the Offer Period.

Controlling Participant means a Broker or Non-Broker Participant who is designated as the controlling participant for shares or options in a CHESS Holding in accordance with the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001* (Cth) as modified by any relevant exemption or declaration by ASIC.

DCM means DECOMetal GmbH of Grazerplatz 5, A-8280 Fuerstenfeld, Austria.

Exxaro means Exxaro Resources Limited Registration Number 2000/011076/06 (a public company duly incorporated in South Africa) of Roger Dyason Road, Pretoria West 0183, South Africa.

Exxaro Iron means Exxaro Australia Iron Investments Pty Ltd ACN 151 112 524 (a company registered under the Corporations Act) of Level 2, 24 Outram Street, West Perth, Western Australia 6005.

Exxaro Group means Exxaro and its related bodies corporate (as defined in the Corporations Act).

Issuer Sponsored Holding means a holding of Territory Shares on the issuer sponsored subregister of Territory.

Noble means Noble Group Limited (a company duly incorporated in Bermuda) of Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

Noble Proposal means the conversion of debt to equity proposal in respect of Noble announced by Territory on 10 May 2011.

Non-Broker Participant means a non-broker participant under the ASX Settlement Operating Rules.

Pre-Bid Agreement means the pre-bid acceptance agreement dated 22 May 2011 made between Exxaro Resources Limited and DCM.

Public Authority means any government or any governmental, semi-governmental, administrative, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

Offer means the offer to acquire all your Territory Shares on the terms and conditions set out in the Appendix.

Offer Period means the period during which the Offer is open for acceptance as set out in section 5 of this Bidder's Statement.

Register Date means the date set by Exxaro pursuant to section 633(2) of the Corporations Act.

Relevant Interest has the same meaning as given in sections 608 and 609 of the Corporations Act.

Representative means, in relation to a party, all officers, employees, professional advisers and agents of the party or of its Related Entities.

Retail Acceptance means a valid acceptance in connection with the Offer received from a Territory shareholder who holds fewer than 1 million Territory Shares and where such acceptance is from a client of a Broker and was procured by the Broker.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from Territory Shares as applicable directly or indirectly on or after the date of this Bidder's Statement, including, without limitation, all dividends, interest or other distributions and all rights to receive any dividends, interest or other distributions, or to receive or subscribe for shares, notes, bonds, options or other securities, declared or paid by Territory or any of its subsidiaries;

RMB means FirstRand Bank Limited (acting through its Rand Merchant Bank division) (registration 1929/001225/06), a company duly incorporated in the Republic of South Africa and registered as a bank in accordance with the laws of Republic of South Africa.

RMB Facility Agreement means the agreement executed on 22 May 2011 between RMB and Territory pursuant to which RMB agreed to provide a loan facility to Territory.

Subsidiary means a subsidiary as that term is defined in the Corporations Act.

Superior Proposal means a Competing Proposal that in the determination of the Territory Board in compliance with their fiduciary duties and acting in good faith:

- (a) is reasonably capable of being valued and completed, taking into account both the nature of the Competing Proposal and the person or persons making it; and
- (b) is more favourable to Territory Shareholders than the Bid, taking into account all terms and conditions of the Competing Proposal,

provided that a legal and financial adviser, independent of the Territory Board, has provided a written opinion to the Territory Board which supports the determination of the matters in paragraphs (a) and (b) above.

Takeover Transferee Holding means a CHESS holding to which Territory Shares are to be transferred pursuant to acceptance of the Offer.

Territory means Territory Resources Limited ACN 100 552 118 of Ground floor, 23 Ventnor Avenue, West Perth, Western Australia 6005.

Territory Board means the board of directors of Territory from time to time.

Territory Data Room means the virtual data room established by Territory to provide Exxaro access to information about Territory.

Territory Due Diligence Material means all information (including in electronic form) relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of Territory provided by Territory to Exxaro in the Territory Data Room.

Territory Material Adverse Change means any of the events referred to in paragraph 6.2 of the Appendix.

Territory Option means an option to subscribe for a Territory Share granted by Territory.

Territory Option Consideration means the consideration to be offered by Exxaro Iron to acquire Territory Options which will be not less than the amount set out below:

Number of Options	Expiry Date	Exercise Price	Territory Option Consideration
833,000	21 Dec 2011	A\$1.00	A\$10,570
1,250,000	21 Dec 2012	A\$1.50	A\$59,545

Territory Performance Right means a right granted under Territory's performance right plan to acquire by way of issue a Territory Share subject to the terms of such plan.

Territory Prescribed Occurrence means an event referred to in paragraph 6.3 of the Appendix.

Territory Share means a fully paid ordinary share in the capital of Territory which is on issue as at the Register Date together with any Territory Share that is issued during the Offer Period as a result of the exercise of a Territory Option or the vesting of a Territory Performance Right.

Territory Shareholder means a holder of a Territory Share.

Trading Day has the meaning given in the ASX Listing Rules.

VWAP means volume weighted average share price.

Voting Power has the meaning given by Section 610 of the Corporations Act.

Interpretation

12.2 In this Bidder's Statement, the following rules of interpretation apply unless the context requires otherwise:

- (a) A reference to time is a reference to Australian Western Standard time.
- (b) Headings are for convenience only and do not affect interpretation.
- (c) A reference to a section is to a section of this Bidder's Statement.
- (d) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (e) Any reference to currency is a reference to the lawful currency in Australia, unless otherwise stated.
- (f) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (g) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.
- (h) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (i) A reference to any instrument or document includes any variation or replacement of it.
- (j) A term not specifically defined in this Bidder's Statement has the meaning given to it in the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules, as the case may be.
- (k) A reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and severally.
- (l) A reference to you is to a person to whom the Offer is made under paragraph 1 of the Appendix.
- (m) A reference to your Territory Shares is to Territory Shares in respect of which you were registered as a holder on the Register Date, or such later date as the context requires.
- (n) A reference to an obligation is to an obligation whether or not enforceable presently or in the future and whether on the fulfilment of a condition or by reason of the act of a third party or not.

Section 13

Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution passed by the directors of Exxaro Iron on 31 May 2011.



Signed by Anthony James Martin
as director for and on behalf of Exxaro Australia Iron
Investments Pty Ltd

APPENDIX

The Terms and Conditions of the Offer

1 The Offer

- 1.1 Exxaro Iron offers to acquire all your Territory Shares on the terms and subject to the conditions set out in this Offer. Unless you are a person to whom section 653B(1)(b) of the Corporations Act applies you cannot accept this Offer for a portion of your Territory Shares (see paragraph 4.2 of this Offer).
- 1.2 The consideration offered by Exxaro Iron for the acquisition of all of your Territory Shares is A\$0.46 cash for every Territory Share held.
- 1.3 If Exxaro Iron acquires your Territory Shares under this Offer, Exxaro Iron will be entitled to all Rights in respect of those Territory Shares.
- 1.4 This Offer extends to any person who becomes registered or entitled to be registered as the holder of any of your Territory Shares during the Offer Period.
- 1.5 This Offer is dated 3 June 2011.
- 1.6 To accept this Offer, please follow the instructions in paragraph 3 of this Offer.

2 Offer Period

- 2.1 Unless withdrawn or extended, this Offer will remain open for acceptance for a period of one month commencing on the date of this Offer being 3 June 2011, and ending at midnight, Australian Western Standard Time on 4 July 2011.
- 2.2 Exxaro Iron may, in accordance with the Corporations Act, extend the period during which this Offer remains open for acceptance.

3 How to accept this Offer

How you accept this Offer will depend on whether your Territory Shares are in an Issuer Sponsored Holding or a CHESSE Holding.

3.1 CHESSE Holdings

- 3.1.1 If your Territory Shares are in a CHESSE Holding, then to accept this Offer you should complete and sign the Acceptance Form in respect of those Territory Shares which are in the CHESSE Holding in accordance with the instructions on it and return it to the address specified in paragraph 3.5 together with all other documents required by those instructions. This will authorise Exxaro Iron to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf. For return of the Acceptance Form to be an effective acceptance

of the Offer, you must ensure it is received by Exxaro Iron in time for Exxaro Iron to give instructions to your Controlling Participant, and your Controlling Participant to carry out those instructions, before the end of the Offer Period.

- 3.1.2 You may instead, or in addition, comply with the ASX Settlement Operating Rules to accept the Offer. To accept in accordance with those rules, you must:
 - (a) instruct your Controlling Participant (normally your Broker) to initiate acceptance of the Offer; or
 - (b) if you are a Broker or a Non-Broker Participant, initiate acceptance, in accordance with Rule 14.7 of the ASX Settlement Operating Rules before the end of the Offer Period.

3.2 Issuer Sponsored or Unregistered Holdings

If your Territory Shares are in an Issuer Sponsored Holding or if at the time of acceptance you are entitled to be (but are not yet) registered as the holder of your Territory Shares, then to accept the Offer you must:

- (a) complete and sign the Acceptance Form in accordance with the instructions on it; and
- (b) send the Acceptance Form together with all other documents required by the instructions on it to the address specified in paragraph 3.5 so that they are received at that address before the end of the Offer Period.

3.3 CHESSE Holdings, Issuer Sponsored Holdings and unregistered holdings

If some of your Territory Shares are in a CHESSE Holding and some of your Territory Shares are in an Issuer Sponsored Holding or if at the time of acceptance you are entitled to be (but are not yet) registered as the holder of some of your Territory Shares, your acceptance of the relevant Offer will require action under both paragraphs 3.1 and 3.2 in relation to the separate parcels of your Territory Shares.

3.4 Nominee holdings

If your Territory Shares are registered in the name of a nominee such as an investment adviser, dealer, bank or trust company, you should contact that nominee for assistance in accepting the Offer.

3.5 Address

3.5.1 The mailing address for return of the Acceptance Forms is:

By Post:

Link Market Services Limited
 Territory Resources Limited Takeover
 Attention: Capital Markets
 Locked Bag A14
 Sydney South NSW 1235

By Delivery:

Link Market Services Limited
 Territory Resources Limited Takeover
 Attention: Capital Markets
 Level 12
 680 George Street
 Sydney South NSW 2000

3.5.2 The transmission of the Acceptance Forms and other documents is at your own risk. No acknowledgment of receipt of documents will be given.

3.5.3 If your Acceptance Forms are returned by post, they will be deemed to have been received in time if the envelope in which they are sent is post-marked before the end of the Offer Period (even if it is received by Exxaro Iron after the end of the Offer Period).

3.6 Acceptance Forms

The Acceptance Forms which accompany the Offer forms part of the Offer and their requirements must be observed in the acceptance of the Offer.

4 Who may accept

4.1 The Offer is being made to each holder of Territory Shares registered in the Territory share register on the Register Date and to each person who becomes a holder of Territory Shares during the Offer Period by reason of the exercise of Territory Options or the vesting of Territory Performance Rights.

4.2 Pursuant to section 653B(1)(b) of the Corporations Act, a person who holds one or more parcels of Territory Shares as trustee or nominee for, or otherwise on account of, another person may accept as if a separate offer had been made in relation to:

4.2.1 each of those parcels; and

4.2.2 any parcel they hold in their own right.

4.3 For the purposes of section 653B(2) of the Corporations Act and the Offer:

4.3.1 a person is taken to hold Territory Shares if the person is, or is entitled to be, registered as the holder of the Territory Shares; and

4.3.2 a person is taken to hold Territory Shares on trust for, as nominee for or on account of another person if they:

(a) are entitled to be registered as the holder of particular Territory Shares; and

(b) hold their interest in the Territory Shares on trust for, as nominee for or on account of that other person.

4.3.3 If, under section 653B(1)(b) of the Corporations Act, a person may accept as if a separate offer is taken to be made to a person for a parcel of Territory Shares within a holding, an acceptance of that Offer is ineffective unless:

(a) the person gives Exxaro Iron a notice stating that the Territory Shares consist of a separate parcel; and

(b) the acceptance specifies the number of Territory Shares in the parcel.

4.3.4 Pursuant to section 653B(6) of the Corporations Act, a person may, at the one time, accept for 2 or more parcels of Territory Shares under section 653B of the Corporations Act as if there had been a single offer for a separate parcel consisting of those parcels.

5 Payment of consideration

5.1 If you accept this Offer and the conditions of the Offer and of the contract resulting from the acceptance of the Offer are satisfied or waived, Exxaro Iron will provide the consideration payable to you on or before the earlier of:

5.1.1 1 month after the Offer is validly accepted by you pursuant to paragraph 3 and the Offer or the contract resulting from your acceptance of the Offer becomes or is declared wholly unconditional; and

5.1.2 21 days after the end of the Offer Period.

5.2 Exxaro Iron will become entitled to all Rights on acceptance of the Offer subject to, if the Offer is withdrawn or lapses, Exxaro Iron accounting to you for any such Rights received by Exxaro. Accordingly, you must give Exxaro Iron all documents that Exxaro Iron needs to give Exxaro Iron title to those Rights. If you do not give those documents to Exxaro Iron, or if you have received the benefit of those Rights, Exxaro Iron will be entitled to deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Exxaro Iron) of those Rights. If Exxaro Iron does not, or cannot, make such a deduction, you must pay that amount to Exxaro Iron.

- 5.3 Payment of the cash amount to which you are entitled will be made by cheque in Australian currency. Cheques will be forwarded by pre-paid ordinary mail (pre-paid air mail in the case of overseas shareholders) lodged in the post in Australia in an envelope addressed to you at your address shown on the relevant Acceptance Form or such other address as you may notify Exxaro Iron in writing before dispatch.
- 5.4 Where the relevant Acceptance Form requires an additional document to be given with your acceptance (for example, a power of attorney):
- 5.4.1 if that document is given after acceptance and before the end of the Offer Period while the Offer is subject to a defeating condition, Exxaro Iron will provide the consideration by the end of whichever of the following periods ends earlier:
- within 1 month after the Offer or the contract resulting from your acceptance becomes or is declared wholly unconditional; or
 - 21 days after the end of the Offer Period;
- 5.4.2 if that document is given after acceptance and before the end of the Offer Period while the Offer is unconditional, Exxaro Iron will provide the consideration by the end of whichever of the following periods end earlier:
- 1 month after that document is given; or
 - 21 days after the end of the Offer Period;
- 5.4.3 if that document is given after acceptance and after the end of the Offer Period:
- and the Offer is unconditional, Exxaro Iron will provide the consideration within 1 month after the document is given;
 - and the Offer is subject to a defeating condition that relates only to the happening of an event or circumstance referred to in sections 652C(1) or (2) of the Corporations Act, Exxaro Iron will provide the consideration within 1 month after the document is given; and

5.4.4 if the document is not given within 1 month after the end of the Offer Period then you will be taken not to have accepted the Offer.

- 5.5 If at the time of acceptance of the Offer you are a foreign shareholder you will not be entitled to receive any cash consideration pursuant to that acceptance until all requisite authorities or clearances (if any) of the Reserve Bank of Australia or the Australian Taxation Office, have been obtained.

6 Conditions of the Offer

The Offer and any contract resulting from acceptance of the Offer is subject to fulfilment (or waiver by Exxaro Iron in its discretion, which in relation to each condition may be in whole or in part) of each of the following conditions:

6.1 Minimum acceptance condition

During, or at the end of, the Offer Period the number of Territory Shares in which Exxaro Iron and its associates together have Relevant Interests is at least 60% of all the Territory Shares.

6.2 No material adverse change to Territory

During the Condition Period, no matter, event, change, condition, circumstance or thing occurs, is discovered by Exxaro Iron or becomes public (in any such case, individually or when aggregated with all such matters, events, changes, conditions, circumstances and things and whether or not becoming public) which would result in or would reasonably be likely to result in:

- the value of consolidated net assets of Territory being reduced by at least A\$5.8 million;
- the future consolidated net profit after tax of Territory in any year reducing by at least A\$5.0 million;
- Territory being unable to carry on its business in substantially the same manner as it was carried out on the Announcement Date;
- any creditor demanding payment of a debt of A\$1.0 million or more; or
- a combined 35% decrease in the AUD effective price for 58% Fe fines CFR China (based on Bloomberg codes TSIPI058 for iron ore price and AUDUSD Curncy for AUD:USD exchange rate at 1700 hours Australian Western Standard Time each Business Day) from the level on the Announcement Date for 5 consecutive Business Days,

including without limitation:

- (f) any person accelerating or adversely modifying the performance of any obligations of Territory or any of its subsidiaries under any material agreements, contracts or other legal arrangements,

but does not include any change:

- (g) occurring as a result of any matter, event or circumstance required by the Bid Implementation Agreement or the Bid;
- (h) occurring as a consequence of Noble calling in any outstanding debt owed to it by Territory;
- (i) occurring as a result of any matter, condition, circumstance or thing fully and fairly disclosed in the Territory Due Diligence Material or in an announcement made to ASX or a document lodged with ASIC before the Announcement Date;
- (j) approved in writing by Exxaro Iron; or
- (k) in respect of paragraphs 6.2(a) and 6.2(b) only, occurring as a result of movements in spot iron ore prices or foreign exchange rates.

6.3 No prescribed occurrences

None of the following events happens during the Condition Period:

- 6.3.1 Territory converts all or any of its shares into a larger or smaller number of shares;
- 6.3.2 Territory or a subsidiary of Territory resolves to reduce its share capital in any way;
- 6.3.3 Territory or a subsidiary of Territory:
 - (a) enters into a buy-back agreement; or
 - (b) resolves to approve the terms of a buy-back agreement under sections 257C(1) or 257D(1) of the Corporations Act;
- 6.3.4 Territory or a subsidiary of Territory issues shares (other than on exercise of Territory Performance Options or on vesting of Territory Performance Rights), or grants an option over its shares, or agrees to make such an issue or grant such an option (other than the issue of 933,770 Territory Performance Rights the Territory Board has previously resolved to issue);
- 6.3.5 Territory or a subsidiary of Territory issues, or agrees to issue, convertible notes;
- 6.3.6 Territory or a subsidiary of Territory disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- 6.3.7 Territory or a subsidiary of Territory charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- 6.3.8 Territory or a subsidiary of Territory resolves to be wound up;

- 6.3.9 a liquidator or provisional liquidator of Territory or of a subsidiary of Territory is appointed;
 - 6.3.10 a court makes an order for the winding up of Territory or of a subsidiary of Territory;
 - 6.3.11 an administrator of Territory, or of a subsidiary of Territory, is appointed under section 436A, 436B or 436C of the Corporations Act;
 - 6.3.12 Territory or a subsidiary executes a deed of company arrangement; or
 - 6.3.13 a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Territory or of a subsidiary of Territory;
- provided that the conditions in paragraphs 6.3.1 to 6.3.13 inclusive will not include any occurrence:
- (a) fairly disclosed to Exxaro before the Announcement Date in the Territory Due Diligence Material or as a result of disclosures made to ASX or documents lodged with ASIC before the Announcement Date;
 - (b) as a result of any matter, event or circumstance required by the Bid Implementation Agreement or the Bid; or
 - (c) approved in writing by Exxaro Iron.

6.4 Additional prohibited events

None of the following events happens during the Condition Period:

- 6.4.1 Territory pays, declares, distributes or incurs a liability to make or pay a dividend, bonus or other share of its profits, income, capital or assets by way of dividend or other form of distribution;
- 6.4.2 Territory makes any change to its constitution or convenes a meeting to consider a resolution to change its constitution;
- 6.4.3 Territory or a subsidiary of Territory ceases, or threatens to cease to, carry on the business conducted by Territory as at the Announcement Date;
- 6.4.4 Territory or a subsidiary of Territory (other than a dormant, non-operating entity) being deregistered as a company;
- 6.4.5 any disposal of shares or securities in a subsidiary of Territory by Territory or a subsidiary of Territory other than to another subsidiary of Territory;
- 6.4.6 an action taken by a Public Authority in consequence of, or in connection with, the Bid, which restrains or prohibits the making of the Bid or requires the divestiture by Exxaro Iron of any Territory Shares, or the divestiture of any assets by Territory or by any subsidiary of Territory or by any company within the Exxaro Group;

6.4.7 Territory, or any subsidiary of Territory:

- (a) acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than A\$1.0 million or makes an announcement about such an acquisition;
- (b) disposes, offers to dispose or agrees to dispose of, or creates, or offers to create an equity interest in one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than A\$1.0 million or makes an announcement about such a disposal;
- (c) enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure, or makes an announcement about such a commitment; or
- (d) incurs or commits to, or grants to another person a right the exercise of which would involve Territory or any subsidiary of Territory incurring or committing to any capital expenditure or liability for one or more related items of greater than A\$1.0 million or makes an announcement about such a commitment;

6.4.8 Exxaro becomes aware that any document filed by or on behalf of Territory with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission (in such circumstance, materiality being determined by reference to the business and assets of Territory taken as a whole);

6.4.9 Territory, or a subsidiary of Territory, releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;

6.4.10 Territory appoints any additional director to its board of directors whether to fill a casual vacancy or otherwise;

6.4.11 Territory, or a subsidiary of Territory, enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager or employee, or pays or agrees to pay any retirement benefit or allowance to any director, manager or employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or employee (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on the Announcement Date and except relating to the Territory Board exercising its discretion to allow any Territory Performance Rights to vest where permitted by their terms);

6.4.12 Territory has threatened or commenced against it any material claims or proceedings in any court or tribunal;

6.4.13 Territory or a subsidiary of Territory directly or indirectly authorising, committing or agreeing to take or announcing any of the actions referred to in paragraphs 6.4.1 to 6.4.12 above insofar as it applies to Territory or the subsidiary of Territory the subject of such direct or indirect authorisation, commitment, agreement or announcement; or

6.4.14 the S&P/ASX 200 Index falls more than 15% below the closing level on the Announcement Date and stays below that level for 3 consecutive Trading Days,

provided that the conditions in paragraphs 6.4.1 to 6.4.13 inclusive will not include any occurrence:

- (a) fairly disclosed to Exxaro before the Announcement Date in the Territory Due Diligence Material or as a result of disclosures made to ASX or documents lodged with ASIC before the Announcement Date;
- (b) as a result of any matter, event or circumstance required by the Bid Implementation Agreement or the Bid; or
- (c) approved in writing by Exxaro Iron.

6.5 No exercise of change of control rights by a third party

No person exercises any right (whether subject to conditions or not) as a result of Exxaro Iron acquiring a Relevant Interest in Territory Shares pursuant to the Bid to:

6.5.1 acquire, or require Territory or a subsidiary of Territory to dispose of, or offer to dispose of, any material asset of Territory or a subsidiary of Territory;

6.5.2 terminate or vary any material agreement with Territory or a subsidiary of Territory; or

6.5.3 accelerate or adversely modify the performance of any obligations of Territory or any of its subsidiaries in a material respect under any material agreements, contracts or other legal arrangements,

save that this condition does not apply to the Marketing and Offtake Agreement between Territory and Noble Resources Limited executed on or about August 2007 and any financing agreements with Noble in existence at the Announcement Date.

6.6 Waiver of conditions

6.6.1 Subject to the Corporations Act, Exxaro Iron may, at its sole discretion, declare the Offer and any contract resulting from acceptance of the Offer free from all or any of the conditions referred to in paragraphs 6.1-6.5 by giving written notice to Territory:

- (a) in the case of the condition in paragraph 6.3, not later than 3 Business Days after the end of the Offer Period; and
- (b) in the case of all other conditions in paragraph 6, not less than 7 days before the end of the Offer Period.

6.6.2 The date for giving the notice on the status of the conditions referred to in section 630(1) of the Corporations Act is 27 June 2011. If the Offer Period is extended by a period the date for giving the notice will be postponed for the same period.

7 Effect of Acceptance

7.1 By signing and returning an Acceptance Form, you will or will be deemed to have:

- 7.1.1 irrevocably accepted the Offer in respect of all your Territory Shares (notwithstanding any difference between that number and the number of Territory Shares shown in the Acceptance Form) and agreed to the terms and conditions of the Offer to sell those Territory Shares;
- 7.1.2 agreed to transfer all of your Territory Shares to Exxaro Iron in accordance with the terms set out in this Offer;
- 7.1.3 irrevocably authorised Exxaro Iron (by its partners, servants or agents) to alter or complete the enclosed Acceptance Form on your behalf by inserting correct details of your Territory Shares, filling in any blanks remaining on the Acceptance Form and rectifying any errors in, and omissions from, the Acceptance Form as may be necessary to make the Acceptance Form a valid acceptance of the Offer and to enable registration of the transfer of your Territory Shares to Exxaro Iron;
- 7.1.4 represented and warranted to Exxaro Iron, as a condition of the contract resulting from your acceptance, that at the time of acceptance and at the time of transfer to Exxaro Iron:
 - (a) you have paid to Territory all amounts which at the time of acceptance have fallen due for payment in respect of your Territory Shares;
 - (b) all of your Territory Shares are fully paid and are free from all mortgages, charges, liens and other encumbrances of any nature and restrictions on transfer of any kind; and
 - (c) you have full power and capacity to sell and transfer all of your Territory Shares;

7.1.5 with effect from the time and date on which all conditions to the Offer in paragraph 6 have been satisfied or waived irrevocably appointed Exxaro Iron and each director of Exxaro Iron from time to time as your agent and attorney for you and on your behalf to do all such things which you could lawfully do in relation to your Territory Shares or in exercise of any right derived from the holding of your Territory Shares, including (without limiting the generality of the foregoing):

- (a) attending and voting in respect of your Territory Shares at any and all general meetings of Territory;
- (b) receiving from Territory, or any other party, and retaining any documents which were held by Territory, or any other party; and
- (c) appointing a proxy or proxies to attend and vote on your behalf in respect of your Territory Shares at any general meeting of Territory,

and to have agreed that, in exercising such powers, Exxaro Iron and each director of Exxaro Iron is entitled to act in the interests of Exxaro Iron as the intended registered and beneficial holder of your Territory Shares; and

7.1.6 with effect from the time and date on which all conditions to the Offer in paragraph 6 have been satisfied or waived agreed not to attend or vote in person at any general meeting of Territory or to exercise, or purport to exercise (in person, by proxy or otherwise) any of the powers conferred on Exxaro Iron by paragraph 7.1.5;

7.1.7 if any of your Territory Shares are in a CHES Holding, irrevocably authorised Exxaro Iron to:

- (a) instruct your Controlling Participant to initiate acceptance of this Offer in respect of all such Territory Shares in accordance with the ASX Settlement Operating Rules; and
- (b) give any other instructions in relation to those Territory Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant; and

7.1.8 if at the time of acceptance of this Offer your Territory Shares are in a CHES Holding, authorised Exxaro Iron to cause a message to be transmitted to ASXS in accordance with ASX Settlement Operating Rule 14.17.1 so as to transfer

your Territory Shares as applicable to Exxaro Iron's Takeover Transferee Holding, with effect from the date that this Offer or any contract resulting from acceptance of this Offer is declared free from all its conditions, or those conditions are satisfied.

- 7.2 If the Acceptance Form is signed under power of attorney, the attorney will have declared that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney under paragraphs 7.1.1 to 7.1.8 inclusive.
- 7.3 Except in relation to Territory Shares in a CHESS Holding, Exxaro Iron may in its absolute discretion (but is not obliged to) at any time deem the receipt by it of an Acceptance Form to be a valid acceptance of an Offer even if you omit to include information or there is not compliance with any one or more of the other requirements for acceptance but, if it does so, then subject to paragraph 5.3, Exxaro Iron is not obliged to make the consideration available to you until all of the requirements for acceptance have been met.

8 Variation

Exxaro Iron may at any time, from time to time, vary this Offer in accordance with the Corporations Act.

9 Withdrawal

Exxaro Iron may withdraw this Offer at any time with the written consent of ASIC, which consent may be given subject to such conditions (if any) as are specified in the consent.

10 Costs and expenses

Exxaro Iron will pay all costs and expenses of the preparation and circulation of the Offer.

11 Notices

Subject to the Corporations Act, a notice or other communication given by Exxaro Iron to you in connection with this Offer shall be deemed to be duly given if it is in writing and:

- 11.1 is delivered at your address as recorded on the share register of Territory or the address shown in the enclosed Acceptance Form; or
- 11.2 if sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

