



Territory Resources Limited

23 Ventnor Avenue,
West Perth WA 6005
Telephone: +61 8 9483 5100
Facsimile : +61 8 9483 5111

17 July 2007

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

Dear Sir / Madam

TERRITORY LAUNCHES FULLY FUNDED BID FOR CONSMIN

Attached is a media release announcing the launch of Territory's bid for Consmine.

Yours faithfully

Peter Ruttledge
Company Secretary



An Australian Resources Group

Post Office Box 158, West Perth, Western Australia 6872
admin@territoryresources.com.au www.territoryresources.com.au
A.B.N. 53 100 552 118

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MEDIA RELEASE

17 July 2007

TERRITORY LAUNCHES \$966¹ MILLION FULLY FUNDED BID FOR CONSMIN

Territory Resources Limited (ASX:TTY), an Australian resources company, today announces an off market takeover offer for the entire issued capital of Consolidated Minerals Limited (ASX:CSM).

The offer is for \$2.00 cash per share and 1.5 Territory shares for each Consolidated Minerals share which values Consolidated Minerals at \$966 million on a fully diluted basis.¹

Territory Chairman Michael Kiernan said the Board of Territory considers its offer a superior alternative to the proposed scheme of arrangement currently before the CSM shareholders.

"Territory and its financial backers, Noble Group, DCM DECOMetal International Trading and Lehman Brothers, represent leading marketing, logistics and funding providers on a global scale. Coupled with Territory's digging and delivering expertise, the team represents a formidable group with a track record of delivering value for shareholders," Mr Kiernan said.

"We've put a fully funded offer and our credentials on the table to enable the CSM shareholders to decide on the value. Importantly, the fully funded offer means Territory will not need to raise additional equity funding for the bid."

Territory's Board considers its offer is a superior alternative for Consolidated Minerals' shareholders. The Territory offer represents a:

- 32% premium to the high case valuation of Consolidated Minerals completed by independent expert PricewaterhouseCoopers.²
- 33% and 12% premium to the 90 day volume weighted average price and the 13 July closing price of Consolidated Minerals respectively.

With the benefit of its limited due diligence investigations, Territory's offer delivers CSM shareholders certain value through the \$2 cash component together with the opportunity to participate alongside Lehman Brothers and the original team that developed Consolidated Minerals into a leading independent Australian resources company.

"I will continue in the role of Chairman of Territory and the Board and management composition will be announced before completion of the offer," Michael Kiernan said.

Territory is co-advised by Lehman Brothers and Argonaut. Clayton Utz has been appointed as legal adviser to Territory.

For further information, please contact:

Michael Kiernan

Chairman

Tel: +61 (0) 8 9324 7000

Mob: 0418 904 165

Warrick Hazeldine

Purple Communications

Tel: +61 (0) 8 9485 1254

Mob: 0417 944 616

¹ Based on the Territory share price of \$1.10, being the last trading price of Territory shares prior to this announcement, and assuming full conversion and exercise of all CSM options and convertible notes.

² The assessed valuation is as updated in the supplementary report by PriceWaterhouseCoopers dated 28 June 2007 (included in the Supplementary Scheme Booklet announced by CSM on 29 June 2007) which incorporates a full premium for control and the potential dilution of existing share options and convertible notes on issue.



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ANNEXURE A

ADDITIONAL OFFER INFORMATION

Funding Details

Territory will fund the cash consideration payable under the offer through a combination of existing cash reserves together with acquisition finance to be provided by Noble, DCM DECOmetal and Lehman Brothers.

Noble Group Limited and DCM DECOmetal have given firm equity commitments to provide acquisition funding of \$150 million and \$25 million at \$1.00 per TTY share respectively. In addition, DCM DECOmetal has committed to provide a \$25 million loan.

Lehman Brothers has also given a firm commitment to provide a further \$100 million acquisition funding through a \$25 million equity investment at \$1.00 per TTY share together with an additional \$75 million in convertible bonds.

Lehman Brothers has provided a committed \$320 million credit facility on commercial terms to fund the offer, the costs associated with the offer and to refinance certain existing debt facilities.

Offer Documents

Territory is currently preparing a Bidder's Statement containing full terms, conditions and other details of the offer and will despatch the Bidder's Statement to Consolidated Minerals shareholders as soon as practicable.

Territory also intends to make a proposal to Consolidated Minerals option holders and convertible note holders which will give them the opportunity to participate in the benefits of the Offer.

Conditions

The Offer is subject to the conditions set out in Annexure B.

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ANNEXURE B

OFFER CONDITIONS

The Offer will be subject to the following conditions:

1. **(Scheme proposal not approved):** that, between the Announcement Date and the end of the Offer Period, the proposed schemes of arrangement between:
 - (a) Consolidated Minerals;
 - (b) the holders of CSM Shares; and
 - (c) the holders of the options to subscribe for CSM Shares,

as more particularly described in the Scheme Booklet, are not approved by any of the parties listed at paragraphs (a) to (c) above, and the CSM Convertible Note Resolution is not approved by the holders of CSM Convertible Notes.

2. **(Minimum acceptance):** that during, or at the end of, the Offer Period:
 - (a) Territory and its associates have relevant interests in at least 90% (by number) of all CSM Shares; and
 - (b) Territory and its associates acquire at least 75% (by number) of all CSM Shares that Territory offers to acquire under the Offer (whether under the Offer or otherwise); and
 - (c) Territory and its associates become entitled to compulsorily acquire all CSM Shares in accordance with Chapter 6A of the Corporations Act.
3. **(Lehman Brothers bridge facility):** that, subject to the proviso at the end of this paragraph:
 - (a) before the earlier of the execution of the Lehman Brothers Facility Agreement and the end of the Offer Period, all of the conditions precedent to the commitment of Lehman Brothers under the Lehman Brothers Commitment Letter have been either satisfied or waived, and no event giving rise to a right for Lehman Brothers to terminate the Lehman Brothers Commitment Letter occurs, unless any such right is waived by Lehman Brothers; and
 - (b) at the end of the Offer Period all of the conditions precedent to the availability of funds under the Lehman Brothers Facility Agreement have been either satisfied or waived,

provided that the conditions set out in this paragraph 3 do not apply to the extent that the occurrence of an event, or satisfaction of a condition precedent, is within the sole control of Territory.

4. **(FIRB approval):** the Treasurer of the Commonwealth of Australia consents, on an unconditional basis, under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) ("**Act**") to the proposed acquisition by Territory of Consolidated Minerals and any proposed acquisitions by any relevant parties in connection with the Offer or the funding of the Offer. The Treasurer is taken to have so consented:



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- (a) if Territory and any other relevant foreign person receives written advice from or on behalf of the Treasurer to the effect that the acquisition of Consolidated Minerals is not inconsistent with the Australian Government's foreign investment policy or is not objected to under the Act; or
- (b) if notice of the proposed acquisition of Consolidated Minerals is given to the Treasurer and the Treasurer has ceased to be empowered to make any order under Part II of the Act in relation to the proposed acquisition because of lapse of time.
5. **(CSM Options):** that during, or at the end of, the Offer Period, Territory and its associates have acquired all outstanding CSM Options or have become entitled to compulsorily acquire all CSM Options in accordance with Chapter 6A of the Corporations Act.
6. **(CSM Convertible Notes):** that during, or at the end of, the Offer Period, all of the conditions to the Territory Convertible Note Proposal (other than any conditions relating to the Offer having become or been declared unconditional) have been satisfied or waived, which conditions may include:
- (a) Territory and its associates having become entitled to compulsorily acquire all CSM Convertible Notes in accordance with Chapter 6A of the Corporations Act;
- (b) Consolidated Minerals being or having become entitled to exercise a right to redeem all outstanding CSM Convertible Notes at their principal amount together with accrued interest up to the date of redemption; and
- (c) holders of CSM Convertible Notes having approved all such resolutions as are necessary to effect the substitution of Territory in place of Consolidated Minerals in respect of all rights and obligations of Consolidated Minerals in relation to the CSM Convertible Notes (including the approval of all necessary or appropriate amendments to the terms of the CSM Convertible Notes).
7. **(Stock and financial markets):** that, between the Announcement Date and the end of the Offer Period, the S&P/ASX Index 200 is not more than 15 per cent below its closing level on the Announcement Date for a period of 3 or more consecutive trading days on ASX Limited.
8. **(Commodities pricing):** that, between the Announcement Date and the end of the Offer Period:
- (a) the price of 48% Manganese Ore as quoted bi-weekly in "Ryan's Notes - Ferrous and Nonferrous News and Prices" is not more than 20 per cent below the price quoted on 16 July 2007; and
- (b) the closing price of nickel as quoted on the London Metal Exchange does not fall below US\$25,000 per metric tonne for a period of 3 or more consecutive trading days.
9. **(No regulatory action):** that, between the Announcement Date and the end of the Offer Period:
- (a) no preliminary or final decision, order or direction is made or issued by any regulatory authority;
- (b) no action, proceeding or investigation is announced, commenced or threatened by any regulatory authority; and



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- (c) no application is made to any regulatory authority (other than by Territory or an associate of Territory),

which is likely to or purports or threatens to restrain, prohibit, impede or otherwise materially adversely affect the making of the Offer, the acquisition of the CSM Securities by Territory, the rights of Territory in respect of Consolidated Minerals and the CSM Securities or the continued operation of the businesses of Territory, Consolidated Minerals or their respective subsidiaries (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act).

10. **(Other regulatory approvals):** that, during the Offer Period, all approvals, including those required by law or any regulatory authority, including any approvals from the holders of CSM Securities or from Territory Shareholders, as are necessary to permit the Offer to be made to and accepted by the holders of CSM Securities, to permit any transaction contemplated by the Offer to be completed or as are necessary as a result of the acquisition of CSM Securities by Territory are granted, given, made or obtained on an unconditional basis and remain in full force and effect in all respects and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.
11. **(No material adverse change):** that, between the Announcement Date and the end of the Offer Period:
- (a) no act, fact, matter, event or circumstance occurs, is announced, becomes public or otherwise becomes known to Territory, which has, will or is reasonably likely to result in a material adverse change in or in relation to Consolidated Minerals, a subsidiary of Consolidated Minerals or the assets, liabilities, structure, operation, business, financial or trading position or performance, profitability or prospects of Consolidated Minerals or its subsidiaries, other than any act, fact, matter, event or circumstance known to Territory or fairly disclosed in writing by Consolidated Minerals to Territory prior to the Announcement Date;
- (b) Territory does not become aware that any document filed by or on behalf of Consolidated Minerals with any regulatory authority prior to the Announcement Date contains a material inaccuracy or is misleading (whether by omission or otherwise) in a material respect; and
- (c) without limiting paragraph (a), no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which Consolidated Minerals or any subsidiary of Consolidated Minerals is a party, or by or to which Consolidated Minerals or any subsidiary of Consolidated Minerals or any of its assets may be bound or subject, which has or will or is reasonably likely to have a material adverse effect on Consolidated Minerals, a subsidiary of Consolidated Minerals or the assets, liabilities, structure, operation, business, financial or trading position or performance, profitability or prospects of Consolidated Minerals or its subsidiaries.
12. **(Change of Control):** If Consolidated Minerals or any subsidiary of Consolidated Minerals is a party to, or is bound by, or is subject to, an agreement, arrangement or understanding which as a result of the acquisition of CSM Shares under the Offer or a change in control of Consolidated Minerals as a result of the Offer entitles a third party to exercise any rights (including termination rights or pre-emptive rights), and the exercise of those rights would have a material adverse impact on the business, assets, liabilities, financial or trading position, profitability or prospects of Consolidated Minerals or any subsidiary of



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Consolidated Minerals, then before the end of the Offer Period the third party does not exercise, or purport to exercise, or state an intention or claim a right to exercise, those rights; and gives its consent or waiver in a form reasonably acceptable to Territory to the acquisition of CSM Shares by Territory.

13. **(No material transactions):** that, except in accordance with any public announcement by Consolidated Minerals before the Announcement Date, none of Consolidated Minerals or any of its subsidiaries does any of the following between the Announcement Date and the end of the Offer Period:
- (a) other than in the ordinary course of its or their business, purchases or otherwise acquires, sells or otherwise disposes of, or offers or agrees to purchase, acquire, sell or dispose of, any property or assets (or any right, title or interest therein) the total consideration for which, or value of which, exceeds or would exceed \$10 million in aggregate;
 - (b) other than in the ordinary course of its or their business, enters into, or offers or agrees to enter into, any other agreement, arrangement, joint venture, partnership or other commitment of any kind which would require expenditure, or the foregoing of revenue, of an amount which exceeds or would exceed \$10 million in aggregate;
 - (c) declares or pays any dividends (other than in the ordinary course) or other distributions of profits or capital to any holder of CSM Shares;
 - (d) amends its constitution or the terms of issue of any shares, options or other convertible securities; or
 - (e) resolves or announces an intention to do any of the things referred to in paragraphs (a) to (d) above.
14. **(Access to information):** Between the Announcement Date and the end of the Offer Period, Consolidated Minerals promptly, and in any event within 2 business days, provides to Territory a copy of all material information which Territory may from time to time reasonably request, whether or not generally available (within the meaning of the Corporations Act) relating to Consolidated Minerals or any of its subsidiaries, of their respective assets, liabilities or operations.
15. **(Absence of new litigation):** That before the end of the Offer Period, neither Consolidated Minerals nor any subsidiary of Consolidated Minerals is or has become the subject of any litigation which is commenced, is threatened to be commenced, is announced, or is made known to Territory (whether or not becoming public), and which may reasonably be expected to result in a judgment against Consolidated Minerals or any subsidiary of Consolidated Minerals of \$10 million or more (after taking into account any reduction of the judgment which may reasonably be expected by way of set-off or cross claim), other than that which has been publicly announced prior to the Announcement Date.
16. **(No prescribed occurrences):** that, between the Announcement Date and the end of the Offer Period, none of the events listed in sections 652C(1)(a) to (h) of the Corporations Act inclusive and 652C(2)(a) to (e) of the Corporations Act inclusive occur (other than the issue of CSM Shares pursuant to the exercise or conversion of CSM Options or CSM Convertible Notes or other convertible securities which have been issued and publicly announced prior to the Announcement Date).
17. **(Other restricted transactions):** that neither Consolidated Minerals or any subsidiary of Consolidated Minerals:



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- (a) enters into any new financing arrangements or agrees to extend, repay or materially amend any existing financing arrangements in excess of \$10 million individually or \$10 million in aggregate provided that the drawing and redrawing by Consolidated Minerals or any subsidiary of Consolidated Minerals under any existing revolving credit facilities within facility limits existing as at the Announcement Date shall breach this condition;
- (b) other than in the ordinary course of business:
- (i) materially increases the remuneration of or pays any bonus or issues any securities to;
 - (ii) accelerates any rights to benefits of any kind to;
 - (iii) pays or agrees to pay a termination payment to; or
 - (iv) materially amends any employment, consulting, board appointment, severance or similar arrangement,
- with any of its directors, officers or employees, in each case except in relation to action which is:
- (y) done in accordance with contractual obligations that exist at the Announcement Date; or
 - (z) publicly announced by Consolidated Minerals or any subsidiary of Consolidated Minerals prior to the Announcement Date.

DEFINITIONS

When used in this Annexure A, capitalised terms have the following meanings:

"**Announcement Date**" means 17 July 2007.

"**Consolidated Minerals**" means Consolidated Minerals Limited, ABN 85 000 727 926.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**CSM Convertible Note Resolution**" means the extraordinary resolution described in the notice of meeting included in the Scheme Booklet to be considered by the holders of CSM Convertible Notes.

"**CSM Convertible Notes**" means the 6.50 per cent convertible notes due 29 June 2011 convertible into CSM Shares and issued pursuant to an offering circular dated 26 June 2006.

"**CSM Option**" means an option to subscribe for an unissued CSM Share.

"**CSM Share**" means an ordinary share in the capital of Consolidated Minerals.

"**CSM Securities**" means CSM Shares, CSM Options and CSM Convertible Notes.

"**Lehman Brothers**" means Lehman Commercial Paper Inc. and/or its affiliates including, but not limited to Grange Securities Limited, a Lehman Brothers Company.

"**Lehman Brothers Commitment Letter**" means a commitment letter signed by Lehman Brothers in relation to the provision of debt funding in respect of the Offer.



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"Lehman Brothers Facility Agreement" means a facility agreement consistent with the terms of the Lehman Brothers Commitment Letter to be entered into prior to the making of the Offer by Territory and Lehman Brothers in relation to the provision of debt funding in respect of the Offer.

"Offer" means the offer to be made by Territory, or a wholly-owned subsidiary of Territory, by way of off-market takeover bid under Chapter 6 of the Corporations Act for all of the issued and to be issued CSM Shares.

"Offer Period" means the period between the date of the Offer and the date specified as being the closing date of the Offer.

"Scheme Booklet" means the information memorandum issued by Consolidated Minerals and dated 8 June 2007 relating to the schemes of arrangement under Part 5.1 of the Corporations Act to be proposed between Consolidated Minerals and the holders of CSM Shares and CSM Options, and the CSM Convertible Note Resolution, as supplemented by the supplemental information memorandum issued by Consolidated Minerals on 29 June 2007.

"Territory" means Territory Resources Limited, ABN 53 100 552 118.

"Territory Shareholder" means a holder of ordinary shares in the capital of Territory.

"Territory Convertible Note Proposal" means a proposal by Territory with respect to CSM Convertible Notes which will give the holders of CSM Convertible Notes the opportunity to participate in the benefits of the Offer and which may include (without limitation) (i) an offer for CSM Convertible Notes, or (ii) a proposal to substitute Territory in place of Consolidated Minerals in respect of all rights and obligations of Consolidated Minerals in relation to the CSM Convertible Notes (including the approval of all necessary or appropriate amendments to the terms of the CSM Convertible Notes).

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ANNEXURE C

ABOUT TERRITORY RESOURCES & ITS FINANCIAL BACKERS

Territory Resources Limited

Territory Resources Limited (ASX:TTY), an Australian resources group, has a clear strategy to develop into a diversified carbon steel materials producer.

The Company is developing the 100% owned 1.5 mtpa Frances Creek haematite iron ore project located north of the regional town of Pine Creek on the Stuart Highway, 190 km south of Darwin with the existing Alice Springs to Darwin rail line running within 15 kms of the project.

A significant re-rating of the company has occurred in the last quarter as production commenced at the Frances Creek operation in June 2007 and Territory is on track for its first shipment of ore in the September 2007 Quarter.

Marketing of Territory's ore will be undertaken by the Hong Kong based Noble Group Resources Limited, a subsidiary of Noble Group Limited, via a life-of-mine marketing agreement. **Visit:** www.territoryresources.com.au

Noble Group

Noble Group Limited (SGX: NOBL) is a leading manager in the global supply chain of agricultural, industrial and energy products. Noble's diverse product lines and global presence of over 80 offices in 40 countries is managed by a team of 3,000 employees serving more than 4,000 customers.

With record first quarter revenues of \$US4.1 billion in 2007, Noble was named to the Forbes Global 2000, the Asset's Best 60 In Corporate Governance and received the Corporate Governance Asia Recognition Award in 2006 and 2007. Also in 2006 Noble was selected to the Forbes Fab 50 and S&P Global Challengers. In 2005, Noble earned ratings from Moody's and Standard & Poor's, joined the benchmark Straits Times and MSCI indices in Singapore and the FTSE - Hang Seng Index. During that period, the Group was recognized as one of BusinessWeek's Stars of Asia, FinanceAsia's Best Companies and a Best Employer by Hewitt Associates. Noble also ranked first in the Forbes Global 2000 – Total Return during the five-year period 2001 - 2005. In 2004, Noble Group's board of directors was awarded the Listed Companies (Main Board) Boards Award from the Hong Kong Institute of Directors. **Visit:** www.thisisnoble.com

DCM DECOmetal

DCM DECOmetal's (DCM) history dates back to the 1840's when trading activities commenced from Vienna. The company is an international leader in trade of ores, ferro alloys, noble alloys and metals, worldwide. DCM has strategic stakes in following companies: Consolidated Minerals Ltd., Poldex Erz und Stahlhandels GmbH, Interallloys Trading & Business GmbH, Poltava GOK Corporation.

DCM is headquartered in Furstenfeld, Austria and maintains offices in Vienna, Kiev, Moscow, Hangzhou, Quebec and Dubai and is responsible for corporate activities for the entire group, including finance and logistics.

One of the world's largest manganese ore mining houses, DCM mines manganese ore through its equity interest in Consolidated Minerals Limited, ("CSM"), an independent Australian based high grade manganese ore producer. DCM has also a strong presence in the global iron ore industry, owning a strategic stake in Poltava GOK mine, Ukraine. DCM DECOmetal and Noble account for 75% to 80% of Consolidated Minerals' manganese sales and 100% of chromite sales. **Visit:** www.dcm-vienna.com



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Lehman Brothers

Lehman Brothers, an innovator in global finance, serves the financial needs of corporations, governments and municipalities, institutional clients, and high net worth individuals worldwide. Founded in 1850, Lehman Brothers maintains leadership positions in equity and fixed income sales, trading and research, investment banking, private investment management, asset management and private equity. The firm is headquartered in New York, with regional headquarters in London and Tokyo, and operates in a network of offices around the world.

Lehman Brothers' Investment Banking Division provides comprehensive financial advisory and capital raising services to corporations and governments worldwide.

Lehman Brothers Holdings Inc. common stock is traded on the New York Stock Exchange under the ticker: **LEH**. Visit: www.lehman.com

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