Territory Resources Limited

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Media / ASX Release **27 May 2011**

Proposed Settlement of Swan Gold Debt

Agreement with DCM DECOmetal provides for potential recovery of 74% of original $25.5M loan

Australian iron ore producer Territory Resources Limited ("Territory" or the "Company") is pleased to advise that it has accepted a conditional offer from its substantial shareholder, DCM DECOmetal GmbH ("DCM"), to acquire Territory's remaining loans and shares in Swan Gold Mining Limited (formerly Monarch Gold Mining Company Limited) ("Swan Gold") for a total of A$6.738 million (the "Transaction").

Completion of the Transaction would result in Territory recovering approximately 50% of the remaining debt owed to it by Swan Gold of A$13.5 million, and approximately 74% of the original A$25.5 million loan.

In addition to the outstanding loans, Territory holds 39.85 million Swan Gold shares representing a 5% shareholding in Swan Gold post-recapitalisation. Territory's investment in Swan Gold was written-down to zero in the Company's 2008/09 accounts after Swan Gold was placed into administration in July 2008. DCM's offer extends to these shares.

Territory believes that the offer from DCM provides the greatest degree of certainty for the Company and its shareholders following several attempts by Swan Gold to sell its mining assets and / or secure funding.

The Transaction is subject to Swan Gold's other creditor trusts also accepting a settlement offer from DCM, DCM due diligence on the transferability of the Territory trust, as well as approval by Territory's shareholders.

Territory will commission an Independent Expert to provide an opinion on whether the Transaction is fair and reasonable to Territory shareholders not associated with DCM. The Independent Expert's Report will be included with the Notice of Meeting and Explanatory Memorandum for the shareholder meeting, which will be sent to Territory shareholders in due course.

Exxaro Resources Limited ("Exxaro") has confirmed that in light of Territory's entry into this agreement with DCM, Exxaro will drop the Swan Gold loan termination condition from Exxaro's takeover offer for Territory which was announced on 23 May 2011 (see bid condition 5 in Appendix A of the announcement).

Managing Director of Territory Resources, Mr Andy Haslam, said the recovery of value from the Swan Gold interests represented an excellent outcome for Territory after many years of uncertainty.

"We have been working on this settlement proposal with DCM since November. This is a very pleasing result for the Company, with the recovery of the Swan Gold debt set to deliver a positive impact on Territory's accounts, whilst also eliminating any uncertainty regarding the Swan Gold recapitalisation process – which has already taken over a year and a half and looks unlikely to be resolved in the near future."

The funds received from the sale of the Swan Gold interests will be applied to pay down debt.

- ENDS -

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Forward-Looking Statements

This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Territory Resources Limited, that could cause actual results to differ materially from such statements. Territory Resources Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.