

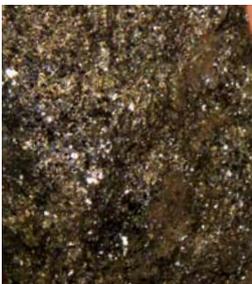


# 2<sup>nd</sup> Quarter Report 2012

## HIGHLIGHTS

- Angas performance records for ore mined, ore treated and concentrate production
- Angas C1 cash costs reduced by 40% to 49c/lb
- Due diligence commenced by parties interested in JV and sale opportunities for Menninnie and Fleurieu Projects
- Agreement with WMZ JV partner to develop a work plan to address Tala Hamza DFS
- Debt restructuring and price protection strategy implemented

### FOCUS ON ZINC



#### VITAL

Zinc is vital for construction, food, production, health, pharmaceuticals, infrastructure, transport, ...for life itself



# MANAGING DIRECTOR'S REVIEW

I am pleased to report to shareholders that positive progress is being made through the Strategic Review, and that the strong performance reported at Angas over the past five quarters continues. However, the prevailing zinc and lead prices, coupled with the strong Australian Dollar have continued to impact on net revenue. The Company continues to focus efforts on managing our cash position and maximising operating margins to strengthen our balance sheet through what continues to be a challenging period for the Company and its shareholders.



## Corporate Strategic Review – Stage 1

Further outcomes of the Company's Strategic Review have been reported during the quarter. Stage 1 was disclosed in April, with the announcement of the possible sale of Terramin's interest in the Tala Hamza project to China Non-Ferrous Metal Industry's Foreign Engineering and Construction Co. Ltd (NFC). As announced in May, NFC continue to carry out their technical due diligence and in parallel, talks are ongoing with our joint venture partners, to look at alternative approaches to the development of the Tala Hamza project. Following a visit to Algeria, Terramin and its JV partner, ENOF, agreed that Terramin will submit a work plan in order to reconcile the differences over key issues in the Definitive Feasibility Study. This submission will provide the basis for renewed dialogue to agree how best the project should proceed.

## Corporate Strategic Review – Stage 2

The Company announced the second stage of the Strategic Review in May, engaging corporate advisors Fortis Ago to assist in gathering expressions of interest for either joint venture or outright sale of the Company's prospective Menninnie and Fleurieu exploration projects. This has been initiated with the aim of enabling the Company to unlock the potential value contained within these prospective tenements. A number of parties have expressed interest and due diligence is currently being conducted. Further announcements will be made as these opportunities progress.

## Strong Angas Performance

I am extremely pleased to be able to report another very strong quarter's performance at Angas with records achieved in tonnes mined, milled and concentrate production. The April ore throughput of over 40,800 tonnes was the highest in the history of the mine, which contributed to record quarterly ore production of 110,743 tonnes. The new Angas General Manager, Joe Ranford, commenced in April and under his leadership, the mill achieved record throughput of 116,142 tonnes. In addition, the operation produced the highest combined concentrate production in the history of the mine (15,354 tonnes of zinc and 6,654 tonnes of lead).

The C1 cash cost has reduced by 40% from last quarter to 49c/lb. I anticipate that the efficiencies and net revenue maximisation initiatives that have been reported over the course of the year to date will result in a diminishing cost profile over the remainder of the calendar year, as the benefits have a bearing on unit costs and margins.

At current zinc metal prices, the carrying value of the Angas asset in the balance sheet will be subject to a significant impairment in the upcoming interim financial report, as announced to the market on 25 July 2012. Furthermore, if current price trends continue, cut off grades will be reviewed and will have an impact on the economic life of the mine. As announced on 5th July, the impact of lower forecast \$A commodity prices contributed to the revised ore reserves estimate.

## Financial Performance

Financial performance for the quarter at an EBITDA level (earnings before interest, tax, depreciation and amortisation) was impacted favourably by lower C1 costs partially offset by prevailing depressed \$A commodity prices. The lower net C1 costs were recorded as a result of the record mine production, in addition to efficiencies and net revenue maximisation initiatives resulting in lower operating costs. Financial performance is anticipated to further improve in the third quarter through continued leveraging of net revenue maximisation initiatives.

## Corporate Activities

Terramin's financiers Investec Bank (Australia) Limited ("Investec") and the Company completed a broad review of the Company's debt facility and funding requirements. Investec and Terramin have agreed on the extension of the \$2.5m working capital facility established in May, and a restructure of the existing revolving debt facility. The working capital facility has been extended until 30 September 2012.

In late June, the Company announced measures to reduce corporate overheads to further maximise cash flow and reduce expenses to allow the Company to continue to operate efficiently and effectively.

Shortly after period end, the Company announced a price protection strategy designed to provide certainty in a volatile market and support cash flows over the remainder of the calendar year. The forward sale of US\$23.3m of zinc and lead with corresponding currency price protection totalling A\$23m was completed. Committed and uncommitted hedging will enable the Company to increase certainty of future cash flows, but retain an ability to benefit from future upside price participation over the next 6 months.

## Board changes

As part of a staged renewal of the Board, which commenced with the retirement of Dr Kevin Moriarty in late March, Mr Bryan Davis and Mr Steve Bonett tendered their resignations as directors of the Company in late June. Mr Michael Kennedy, previously a Non-Executive Director, has been appointed as interim Chairman to ensure continuity whilst the Strategic Review process continues.

I look forward to working with Mr Kennedy in his capacity as Chairman as we continue to bring about the outcomes of the Strategic Review.

## Concluding remarks

Your Board and management team continue to focus considerable effort on operations that are within our control. Continued Angas production records and the 40% reduction in our C1 costs are evidence of this. However, a volatile market, price pressures and slow progress at Tala Hamza continue to impact the Company and therefore shareholder value. I wish to reassure shareholders that I will continue to work with our new Chairman to progress our strategic initiatives, supported by further physical and cost performance improvements at Angas.

**Nic Clift**  
*Managing Director*



| Operation Description  | Activities for the Quarter   |
|--|--|
| <p><b>Angas Zinc Mine</b><br/> <i>100% Terramin owned and operated</i></p> <p>A 400,000 tpa operation producing zinc and lead-copper-silver-gold concentrates.</p> <p>There is a life of mine off take agreement with Freepoint Metals and Concentrates LLC for zinc concentrate and a five year off-take agreement with Nyrstar Sales &amp; Marketing AG for lead concentrate.</p>  | <p><b>Safety, Environment and Community Report</b></p> <p>There were no Lost Time Injuries and no community or environmental incidents were recorded.</p> <p>Water levels in the TSF rose during the month of June due to unusually high rainfall (twice the monthly average). A number of contingencies are in place to manage the increased volumes of water entering the underground mine to ensure that Terramin remains on track to meet the target 68RL, including the installation of a pipeline to supply up to 750m<sup>3</sup>/day of irrigation quality water to a local primary producer.</p> <p><b>Operations</b></p> <p>Building on the previous quarter, Angas set further mining and production records during the period (refer to Key Quarterly Statistics on page 5 for details).</p> <p>Surface stockpiles were reduced slightly as a result of the increased mill performance. Underground stocks were increased through good production drill performance and access to multiple production fronts in both Garwood and Rankin lodes, underpinned by improved equipment availability through improved maintenance planning.</p> <p>The paste-fill plant is running effectively and excellent paste fill rates and corresponding improvements in costs were achieved. More than 30,000m<sup>3</sup> of paste was placed during the quarter.</p> <p>A drop in mill throughput is planned over the next quarter due to higher feed grades, however this will be complemented by increased ore availability and improved mill availability to maintain metal recoveries.</p> <p>As a result of recent optimisation programmes and the planned higher mine grade, the Angas Zinc Mine is expected to achieve record concentrate production in the September quarter.</p> <p><b>Ore Reserves</b></p> <p>A revised estimate of Angas Ore Reserves and Mineral Resources was announced shortly after period end. This statement shows a reduction of mineral reserve resulting from mining depletion and the impact of lower forecast \$A commodity prices on the economic cut-off grade. The Company continues to assess mine operating parameters on an ongoing basis in order to maximise cashflow generated from the remaining reserve life. If AUD commodity prices remain at prevailing levels or decline further, material currently classified as reserve will be sterilised and result in potentially a significant reduction in reserve mine life. The Company will keep the market informed as certainty over remaining mine life increases.</p> |



| Operation Description   | Activities for the Quarter   |
|---|--|
| <p><b>Oued Amizour Project</b><br/> <i>100% owned by Western Mediterranean Zinc Spa (WMZ)</i></p> <p>Oued Amizour Exploration Permit 5225PE is a 125km<sup>2</sup> tenement which contains several lead-zinc deposits.</p> <p>Terramin holds a 65% shareholding in WMZ. The remaining 35% is held by two Algerian government-owned companies, Entreprise Nationale des Produits Miniers Non-Ferreux et des Substances Utiles Spa (ENOF) (32.5%) and Office National de Recherche Géologique et Minière (ORGM) (2.5%).</p>   | <p>Whilst due diligence is being carried out by NFC into the possible purchase of Terramin's interest in the Tala Hamza project, Terramin and its JV partner will examine alternative approaches in order to reconcile the differences over key issues in the Definitive Feasibility Study.</p> <p>The application for renewal of the Oued Amizour exploration permit continues to be assessed by the Algerian regulator. WMZ has satisfied all legal requirements for a renewal to be granted and on this basis has reasonable grounds to expect the exploration permit to be renewed. This matter will be progressed in tandem with the work plan being established with ENOF.</p> |
| <p><b>Menninnie Zinc Project</b><br/> <i>100% owned by Terramin subsidiary Menninnie Metals Pty Ltd</i></p> <p>The Menninnie Zinc project is located on the Eyre Peninsula in South Australia and comprises a group of five Exploration Licences covering a total contiguous area of 2,471km<sup>2</sup>.</p> <p>These licences are Menninnie Dam (EL3640), Nonning (EL4813), Kolendo (EL4285), Taringa (EL4669) and Wipipippee Hill (EL4865).</p>  | <p>No significant activities were carried out on the tenements during the period whilst due diligence is being carried out by parties interested in joint venture or sale opportunities.</p>   |
| <p><b>Fleurieu Exploration Project</b><br/> <i>100% Terramin owned</i></p> <p>Comprises four contiguous Exploration Licences covering 1,032km<sup>2</sup> on the Fleurieu Peninsula in South Australia, adjacent to the Angas Mine Lease:</p> <p>Bremer (EL4936); Hartley (EL3792); Currency Creek (EL4210); and Langhorne Creek (EL4466).</p> <p>The tenements cover an elongated zone stretching 60km northeast and southwest of the Angas Mine Lease.</p> <p>A fifth licence (ELA-2011/00288) has been applied for to the east of the existing Fleurieu tenements, covering an additional 154km<sup>2</sup>.</p> | <p>No significant activities were carried out on the tenements during the period whilst due diligence is being carried out by parties interested in joint venture opportunities.</p> <p>Prospective discoveries announced in the latter half of 2011 at Pipeline and Disher Hill are intended to be developed further in conjunction with joint venture partners.</p>  |



## Key quarterly statistics

|                                   | Sep<br>Quarter<br>2011 | Dec<br>Quarter<br>2011 | Mar<br>Quarter<br>2012 | Jun<br>Quarter<br>2012 | YTD<br>2012 | Forecast<br>Production<br>12 Mths<br>2012 |
|-----------------------------------|------------------------|------------------------|------------------------|------------------------|-------------|---|
| <b>Production statistics</b>      |                        |                        |                        |                        |             |   |
| <b>Total ore mined (tonnes)</b>   | 107,980                | 110,328                | 106,854                | <b>110,743</b>         | 217,597     |   |
| <b>Total ore treated (tonnes)</b> | 95,398                 | 112,750                | 106,364                | <b>116,142</b>         | 222,506     | 416,000                                   |
| Ore grade:                        |                        |                        |                        |                        |             |   |
| - Zn%                             | 7.19                   | 6.84                   | 7.73                   | <b>7.98</b>            | 7.86        |   |
| - Pb%                             | 2.88                   | 3.10                   | 2.77                   | <b>3.44</b>            | 3.12        |   |
| - Cu%                             | 0.24                   | 0.22                   | 0.19                   | <b>0.23</b>            | 0.21        |   |
| - Ag g/t                          | 30.4                   | 31.7                   | 26.5                   | <b>37.0</b>            | 31.9        |   |
| <b>Zinc Concentrate (tonnes)</b>  | 11,629                 | 12,931                 | 14,031                 | <b>15,354</b>          | 29,385      | 57,000                                    |
| Grade:                            |                        |                        |                        |                        |             |   |
| - Zn%                             | 49.1                   | 49.3                   | 49.4                   | <b>50.8</b>            | 50.1        |   |
| Recovery:                         |                        |                        |                        |                        |             |   |
| - Zn%                             | 83.3                   | 82.9                   | 84.2                   | <b>84.1</b>            | 84.1        |   |
| <b>Lead Concentrate (tonnes)</b>  | 4,664                  | 5,581                  | 4,601                  | <b>6,654</b>           | 11,255      | 20,000                                    |
| Grade:                            |                        |                        |                        |                        |             |   |
| - Pb%                             | 49.1                   | 52.5                   | 51.7                   | <b>51.6</b>            | 51.6        |   |
| - Cu%                             | 3.9                    | 3.4                    | 3.0                    | <b>3.2</b>             | 3.1         |   |
| - Ag g/t                          | 489                    | 505                    | 451                    | <b>528</b>             | 496         |   |
| - Au g/t                          | 8.7                    | 9.4                    | 8.2                    | <b>8.6</b>             | 8.4         |   |
| Recoveries                        |                        |                        |                        |                        |             |   |
| - Pb%                             | 83.2                   | 82.8                   | 80.7                   | <b>85.8</b>            | 83.6        |   |
| - Cu%                             | 77.4                   | 72.7                   | 69.2                   | <b>77.4</b>            | 73.9        |   |
| - Ag%                             | 78.6                   | 76.9                   | 73.7                   | <b>81.8</b>            | 78.6        |   |
| <b>Payable metal</b>              |                        |                        |                        |                        |             |   |
| - Zn t                            | 4,785                  | 5,347                  | 5,802                  | <b>6,564</b>           | 12,367      |   |
| - Pb t                            | 2,148                  | 2,761                  | 2,241                  | <b>3,232</b>           | 5,473       |   |
| - Cu t                            | 40                     | 40                     | 28                     | <b>43</b>              | 71          |   |
| - Ag oz                           | 65,791                 | 81,573                 | 59,306                 | <b>102,170</b>         | 161,477     |   |
| - Au oz                           | 1,044                  | 1,357                  | 954                    | <b>1,463</b>           | 2,417       |   |

Notes: The payable metal figures include adjustments based on final invoice numbers where available. The ore mined figures are estimated based on tonnes trucked to the surface whilst the ore treated figures are calculated from a weightometer. Reconciliation between the mine and the mill continues.

## Production

A new quarterly record was achieved with 110,743 tonnes of ore mined building on last quarter's 106,854 tonnes of ore.

A total of 116,142 tonnes of ore was treated, also establishing a new quarterly record, a 9.2% increase against the prior quarter. Continued high throughput rates, combined with strong ore production has allowed for the improved processing performance. Given the strong performance to date, it is expected that the forecast annual target of 416,000 tonnes will be exceeded.

The zinc feed grade was 7.98%, a 3.2% increase on the prior quarter. The lead feed grade also improved to 3.44%, a 24% increase from the prior quarter.

Zinc recoveries remained strong, at 84%, in line with the previous quarter. A focus on optimising the lead flash float recoveries and increasing the lead circuit pumping capacity improved recoveries during the period of increased lead feed grade.

The overall improvement from this focus was an increase of 7% in lead recovery, 13% in copper recovery and 11% in Silver recovery. Additional lead filter capacity was installed to allow for further improvements to be introduced as required.

The operation achieved the highest combined concentrate production in the history of the mine (15,354 tonnes of zinc and 6,654 tonnes of lead). Concentrate production was impacted favourably by strong mine and mill performance, together with improved feed grades.

Concentrate production to date indicates that full year forecast numbers will be comfortably achieved.



## Key quarterly statistics

| <b>C1 Cash Costs<br/>(US c/lb payable zinc)</b> | Sep<br>Quarter<br>2011 | Dec<br>Quarter<br>2011 | Mar<br>Quarter<br>2012 | June<br>Quarter<br>2012 | YTD<br>2012 |
|---|------------------------|------------------------|------------------------|-------------------------|-------------|
| Production Costs                                | 96                     | 105                    | 106                    | 77                      | 91          |
| - Mining  | 47                     | 61                     | 58                     | 44                      | 51          |
| - Processing                                    | 38                     | 31                     | 34                     | 26                      | 30          |
| - Other Site Costs                              | 11                     | 13                     | 14                     | 7                       | 11          |
| Realisation Costs                               | 40                     | 33                     | 36                     | 33                      | 35          |
| - Transport & Handling                          | 14                     | 9                      | 12                     | 13                      | 13          |
| - Zinc Treatment Charges                        | 26                     | 24                     | 25                     | 20                      | 22          |
| Net By-product Credits                          | (74)                   | (70)                   | (61)                   | (61)                    | (61)        |
| C1 Cash Cost                                    | 61                     | 69                     | 81                     | 49                      | 65          |

| <b>Sales</b>           | Sep<br>Quarter<br>2011 | Dec<br>Quarter<br>2011 | Mar<br>Quarter<br>2012 | June<br>Quarter<br>2012 | YTD<br>2012 |
|------------------------|------------------------|------------------------|------------------------|-------------------------|-------------|
| - Zinc concentrate (t) | 9,512                  | 14,391                 | 14,002                 | 9,826                   | 23,828      |
| - Lead concentrate (t) | 4,614                  | 5,532                  | 4,943                  | 6,487                   | 11,430      |

| <b>Average Realised Price</b> | Sep<br>Quarter<br>2011 | Dec<br>Quarter<br>2011 | Mar<br>Quarter<br>2012 | June<br>Quarter<br>2012 | YTD<br>2012 |
|-------------------------------|------------------------|------------------------|------------------------|-------------------------|-------------|
| Average Price in US\$/t       |                        |                        |                        |                         |             |
| - Zinc                        | 2,301                  | 2,211                  | 2,029                  | 1,966                   | 2,003       |
| - Lead                        | 2,165                  | 1,757                  | 2,330                  | 1,732                   | 1,991       |
| Average Price in USc/lb       |                        |                        |                        |                         |             |
| - Zinc                        | 104                    | 100                    | 92                     | 89                      | 91          |
| - Lead                        | 98                     | 80                     | 106                    | 79                      | 90          |

| <b>Commodity Prices</b> | Sep<br>Quarter<br>2011 | Dec<br>Quarter<br>2011 | Mar<br>Quarter<br>2012 | June<br>Quarter<br>2012 | YTD<br>2012 |
|-------------------------|------------------------|------------------------|------------------------|-------------------------|-------------|
| Average Price in US\$/t |                        |                        |                        |                         |             |
| - Zinc                  | 2,226                  | 1,897                  | 2,024                  | 1,928                   | 1,976       |
| - Lead                  | 2,462                  | 1,983                  | 2,094                  | 1,972                   | 2,033       |
| Average Price in USc/lb |                        |                        |                        |                         |             |
| - Zinc                  | 101                    | 86                     | 92                     | 87                      | 90          |
| - Lead                  | 112                    | 90                     | 95                     | 89                      | 92          |

### Cash Costs

As anticipated in last quarter's Managing Director Report, efficiencies and net revenue maximisation initiatives implemented at the Angas Zinc Mine have resulted in a reduction in the cost profile, as the benefits impact favourably on unit costs and margins. Accordingly, the C1 cash cost has reduced by 40% from last quarter to 49c/lb. Significant reductions in headline costs were recorded across all areas of the operation as a result of initiatives put in place. These benefits are expected to continue to be realised in subsequent quarters. The major contributors to the improvement include the reduction in operating costs combined with the increase in payable zinc metal production; favourable exchange rate movement; and the benefits of a further reduction in zinc treatment terms agreed during the period. Net-by-product credits remained consistent with last quarter despite record lead concentrate production due to the reduction in the average realised lead and by-product prices.

### Sales

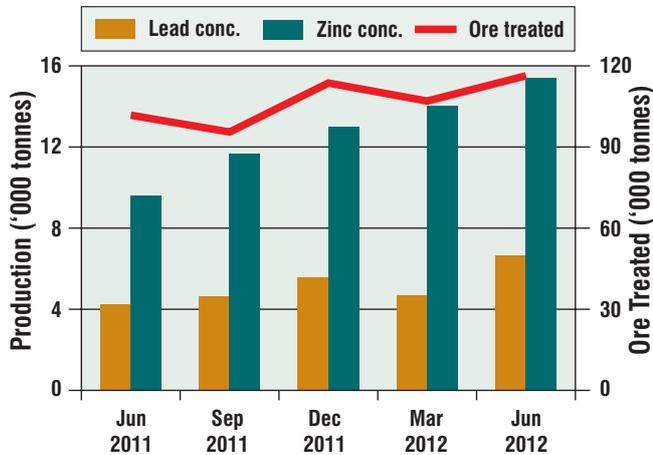
Zinc sales were down on prior quarters due to build up in concentrate stocks at quarter end. Stocks are expected to be depleted in the next quarter resulting in a significant increase in production sold.

The average realised price for zinc decreased by 3% from the prior quarter to US\$1,966, but remained above the average market price of US\$1,927 for the period. The price realised reflects pricing terms established in advance of the shipments delivered whilst lead is subject to pricing several months after shipment.

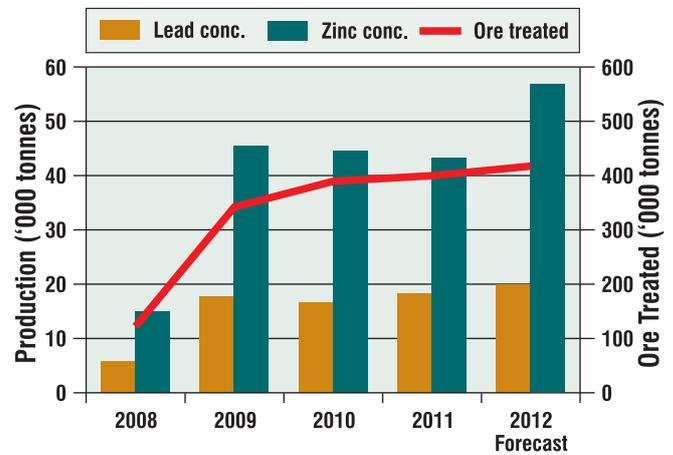
The average realised price for lead was impacted negatively by the falling lead price and final pricing revisions on first quarter shipments and resulted in a reduction of 26% to US\$1,732. The prior quarter pricing revisions contribute towards a realised price for lead that was 12% lower than the average market price for the quarter.



**Key historical production data**



Quarterly Ore Treated and Concentrate Produced



Annual Ore Treated and Concentrate Produced

**Summary of hedging position**

**Summary of hedging positions as at 3 July 2012**

| METAL                   |          | 2012 H2 | 2013 H1 | Total         |
|-------------------------|----------|---------|---------|---------------|
| <b>Zinc</b>             |          |         |         |               |
| Forward sale contracts  | t        | 3,894   | -       | <b>3,894</b>  |
| Average price           | USD/t    | 1,882   | -       | <b>1,882</b>  |
| Bought put options      | t        | 3,894   | -       | <b>3,894</b>  |
| Put option strike price | USD/t    | 1,921   | -       | <b>1,921</b>  |
| <b>Lead</b>             |          |         |         |               |
| Forward sale contracts  | t        | 3,550   | 1,054   | <b>4,604</b>  |
| Average price           | USD/t    | 1,930   | 1,893   | <b>1,922</b>  |
| Bought put options      | t        | 1,175   | 1,054   | <b>2,229</b>  |
| Put option strike price | USD/t    | 1,936   | 1,936   | <b>1,936</b>  |
| <b>Gold</b>             |          |         |         |               |
| Forward sale contracts  | oz       | 1,140   | 380     | <b>1,520</b>  |
| Average price           | USD/oz   | 1,400   | 1,400   | <b>1,400</b>  |
| <b>CURRENCY</b>         |          |         |         |               |
| Forward sale contracts  | USD(\$m) | 6.696   | 1.064   | <b>7.760</b>  |
| Average price           | AUD:USD  | 1.01    | 0.98    | <b>1.01</b>   |
| Bought put options      | USD(\$m) | 18.155  | 5.187   | <b>23.342</b> |
| Put option strike price | AUD:USD  | 1.01    | 1.01    | <b>1.01</b>   |

**Hedging**

The Company recorded a hedging gain of US\$155/t (US\$0.3m) in relation to 2,055 tonnes of lead metal sold in the March 2012 quarter (priced June 2012 quarter).

Price protection is in place via forward sales in respect of 2,375 tonnes of lead sold in the June 2012 quarter, with pricing due to settle in the September 2012 quarter at an average of US\$1,948/t.

At 30 June 2012, the Company had USD forward sales in place covering US\$7.8 million of future cash flows through to March 2013 at an average rate of 1.01. Foreign currency hedge contracts are maintained to align USD denominated revenue with the underlying commodity price risk. A loss of \$0.1 million was realised on delivery into maturing foreign exchange hedges during the period.

At the end of the quarter, a hedging programme was established, linked to the debt restructure undertaken with the Company's lending bank. The programme was executed during the first week of July 2012, the details of which are included in the summary table. The hedge provides protection over approximately 60% of the next 6 months forecast A\$ zinc and lead revenue, covering 7,787t of zinc metal and 4,458t of lead metal. The metal cover is split 50% via forward sales (zinc US\$1,882/t, lead US\$1,893/t) and 50% via deferred option premiums (option strike price zinc US\$ 1,921/t, lead US\$1,936/t). The corresponding currency price protection covering US\$23.3m was implemented via the purchase of AUD call options (USD put options) at a strike price of 1.01. Whilst providing downside price protection, this strategy maintains 70% upside price participation to zinc and lead prices over the 6 month period via options (30%) and unhedged production (40%) and 100% participation in a devaluation in the AUD/USD.



## TALA HAMZA PROJECT

Last quarter, the Company announced it had entered into discussion with NFC regarding the possible sale of Terramin's interest in the Tala Hamza Project. During May, NFC advised Terramin that it wishes to complete its technical and corporate due diligence before finalising any transaction.

Whilst this process continues, Terramin has progressed discussions with its Algerian partner with the intent of reaching agreement and reconciling the differences in opinion on the results of the Definitive Feasibility Study.

In June, Terramin announced that it has agreed with its JV partner, ENOF, that it will submit a work plan, taking into account the JV partner's comments, in order to progress key issues in the Definitive Feasibility Study. This submission will provide the basis for renewed dialogue to agree how the project should proceed. Further updates will be made when the work plan has been submitted and agreed.

## FINANCIAL PERFORMANCE

As announced on the 25 July 2012, the Company reported the earnings before interest, tax and depreciation (EBITDA) of Angas Zinc Mine for the half year ended 30 June 2012 of approximately \$4 million. The consolidated result after tax for the half year ended 30 June 2012 is expected to be a loss of approximately \$56 million, significantly impacted by a \$38 million one-off non-cash impairment charge. The impairment is primarily a reflection of prevailing lower AUD commodity prices negatively impacting on Angas mine life and resulting discounted cashflows.

The impairment reduces the Angas carrying value to approximately \$23 million. The expected half year result is based on the Company's preliminary management accounts and is subject to review by external auditors. The Company expects to release its 2012 interim financial report in late August.

## FINANCING

In June, the Company and its financiers, Investec, agreed on the extension of the working capital facility established in May and a restructure of the existing revolving debt facility. The working capital facility of up to \$2.5m has been extended until 30 September 2012.

## BOARD

Mr Robert (Bryan) Davis and Mr Steven Bonett tendered their resignations as directors of the Company in late June. Mr Davis retired as Chairman and Non-Executive Director of the Company. Mr Davis and Mr Bonett both expressed their ongoing support for the Terramin Board and Managing Director.

Mr Michael H Kennedy, previously a Non-Executive Director of Terramin, has been appointed as interim Chairman to ensure continuity whilst the Strategic Review process continues.

## CASH

The Company cash balance at 30 June 2012 was \$2.5 million.

## CORPORATE INFORMATION

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### CAPITAL STRUCTURE

at 31 July 2012

|   |                |
|---|----------------|
| Shares on issue .....   | 212,318,205    |
| Unlisted Options .....  | 4,645,000      |
| Unlisted convertible/redeemable notes with 5 year term:                         |                |
| Conversion subject to minimum VWAP of \$1.70<br>(maturity September 2014) ..... | US\$10,000,000 |
| Convertible at VWAP<br>(maturity March 2013) .....                              | US\$15,050,000 |
| Convertible at \$2.21 per share<br>(maturity September 2013) .....              | \$5,002,400    |

### DIRECTORS

|                          |   |
|--------------------------|---|
| <b>Nic Clift</b>         | <b>Managing Director</b>  |
| <b>Bryan Davis</b>       | <b>Non-Executive Chairman</b><br>(resigned 29 June 2012)          |
| <b>Michael H Kennedy</b> | <b>Non-Executive Interim Chairman</b><br>(appointed 29 June 2012) |
| <b>Steve A Bonett</b>    | <b>Non-Executive Director</b><br>(resigned 29 June 2012)          |
| <b>Peter Zachert</b>     | <b>Non-Executive Director</b>                                     |
| <b>Xie Yaheng</b>        | <b>Non-Executive Director</b>                                     |

**Stéphane Gauducheau** **Company Secretary**