



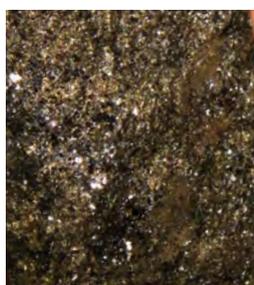
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Quarter Report 2012

HIGHLIGHTS

- Completion of \$10 million capital raise
- Restructure of secured and unsecured debt facilities
- New cornerstone investors: Asipac Group and Tronic Enterprise Development Limited
- Exploration programmes launched at Menninnie, Fleurieu and Angas Zinc Mine
- Angas operations highlights:
 - Annual ore milled of 441,987 tonnes (2011: 401,496 tonnes; 10% increase)
 - Annual zinc concentrate production of 61,720 tonnes (2011: 43,738 tonnes; 41% increase)
 - Annual lead concentrate production of 25,465 tonnes (2011: 18,079 tonnes; 41% increase)

FOCUS ON ZINC



ESSENTIAL

All living organisms
- plants, animals
and man -
need Zinc to live



I am pleased to confirm the Company has continued to make encouraging progress following a year of intense focus on the Corporate Strategic Review and two short term strategic objectives that were announced at the beginning of 2012. Furthermore, Terramin has initiated the next phase in the Company's growth and development.



Shareholders may recall that the two short-term objectives announced at the beginning of last year were as follows:

1. Progressing the Tala Hamza Project

The Company pursued several avenues to progress the Tala Hamza project during 2012, including the sale of Terramin's interest in the project. In conjunction with the financial restructure and capital raising which took place during the last quarter, Terramin has discontinued the proposed sale of its interest in the Tala Hamza project to major shareholder China Non-Ferrous Metal Industry's Foreign Engineering and Construction Co. Ltd (**NFC**) and remains focussed on progressing the project.

In January 2013, I met with the Australian Ambassador to Algeria and travelled to Algeria to meet with our partner, ENOF, as well as with regional authorities and elected members of the Regional and National Assemblies. Discussions centred on the need to agree a path for progressing the project. The Tala Hamza project is of regional and national importance, because of its size, because it would be the first significant mining project to be approved in Algeria in many years, and because of the employment opportunities that the project would offer. Specifically, the opening of new mines is a priority for the Algerian government as the Prime Minister, Abdelmalek Sellal, highlighted in the government plan of action published in late September 2012.

I am confident that the financial restructure, coupled with the dialogue established during 2012, will enable Terramin to make headway in these discussions and achieve tangible outcomes during 2013.

Shareholders may be aware of a hostage siege which took place in mid-January at a gas plant in the Sahara desert of south eastern Algeria. I would like to confirm that Terramin's personnel and interests were in no way

impacted by the events, which took place more than 1,100km from the Mediterranean coast where the Tala Hamza project is located.

2. Increasing output and net revenue at Angas Zinc Mine

Improvements and new records were set at the Angas mine throughout 2012 with strong performance maintained during the final quarter whilst maintaining strong safety standards. Improvements in output, operating parameters, and significant reductions in capital and operating costs have resulted in strong financial performance given market conditions.

Financial Restructure and Capital Raise

On 23 November 2012, Terramin announced a suite of initiatives aimed at securing greater financial and operational certainty for the Company including a placement and entitlement offer to raise approximately \$10m.

The Company completed the \$10m capital raise, a restructure of the Corporate revolving facility, and a restructure of convertible notes at the end of December 2012, which has provided a platform to strengthen its balance sheet to pursue the Company's projects.

This marks the start of a new era in the Company's direction, as we have welcomed the Asipac Group of Companies as a cornerstone investor and a significant unsecured lender. There is clear alignment between the interests of Asipac Group as a noteholder, and the interest of shareholders generally. On 2 January 2013, Terramin announced that Mr Angelo Siciliano joined the Board as a Non-Executive Director.

As well as providing funds for progressing the Tala Hamza project, capital is being allocated to advance South Australian exploration interests; repay debt under the corporate revolving facility with Investec Bank (Australia) Limited; and provide working capital for the Company.

I am delighted to report that exploration programmes have already been initiated on the Company's prospective Fleurieu tenements and on the Angas Mine Lease. I look forward to reporting progress over the coming quarters.

Angas Operations and Exploration

Angas continued to perform strongly during the quarter from both production and cost perspectives (*refer to page 1 for annual records*).

Furthermore, as a result of intense focus and diligent management over the past 15 months, the water levels in the TSF fell to within the parameters which are considered acceptable to the Department of Manufacturing, Innovation, Trade, Resources, and Energy (**DMITRE**), enabling Terramin to meet the environmental direction issued to it in October 2011.

On 16 November, the Company announced Stage 1 of the Angas near-mine exploration programme. This commenced as planned with drilling of the Rowe and Albyn anomalies aimed at extending current Angas mine life. Stage 2 of the programme commenced during the first quarter of 2013.

Fleurieu and Menninnie Exploration

In January of this year, Terramin commenced drilling on the Pipeline gold prospect on the Fleurieu Peninsula (refer to the announcement on 15 January for details). The Pipeline gold prospect is an advanced exploration target located 27km North East of Angas Zinc Mine.

The Company's South Australian regional exploration activities recommenced during the period at the Menninnie Project. As announced in November 2012, Musgrave Minerals Ltd commenced drilling on the Menninnie Dam tenement in accordance with the Heads of Agreement signed in October 2012.

The Company has also applied for additional exploration tenements to further extend the Company's portfolio in this region.

Concluding Remarks

The Company continues to leverage the opportunities presented by its new strategic partnerships with Asipac and Musgrave Minerals Ltd, and maintains focus on optimising net revenue from Angas. The financial restructure will assist the Company to unlock the potential held in our current project portfolio. The Company remains in discussion with convertible noteholders regarding convertible notes with a maturity date of September 2013 and other near-term scheduled debt repayments, and will continue to pursue opportunities to strengthen the balance sheet and make progress in Algeria in 2013.

I would like to thank shareholders once again for their continued support and I look forward to a strong year of results for Terramin in 2013 as plans come to fruition and project potential is realised.

Nic Clift
Managing Director



Operation Description	Activities for the Quarter
<p>Angas Zinc Mine <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 Freeport Metals and Concentrates LLC for zinc concentrate and a five year off-take agreement with Nyrstar Sales & Marketing AG for lead concentrate.</p> 	<p>Safety, Environment and Community Report</p> <p>The improved safety focus and reporting standards at Angas have resulted in a further quarter without any significant safety incidents to report.</p> <p>No environmental incidents were recorded during the period.</p> <p>Management of water in the TSF progressed significantly. Improvements in evaporation techniques, raw water disposal and the use of the pipeline for providing clean water to Langhorne Creek wineries resulted in a 302cm drop in the TSF water level. The surface area was reduced to 30,446m² for the first time since the mine's inception. The TSF level dropped to 67.95m RL which was deemed by the regulator DMITRE to be acceptable for meeting the environmental direction issued to the Company in December 2011. Water management continues to be an ongoing focus for the management team to ensure that the TSF remains within agreed parameters.</p> <p>Operations</p> <p>An extensive grade control programme was conducted throughout the developed ore zones of the mine. The results from sampling were included in the block model and utilised in the application of variable cut off grades to mining blocks which has resulted in an extension of the mine down to the 380mL. This follows high grades encountered on the 340mL. Development recommenced with additional diamond drilling platforms to define the ore tonnes and grade with the aim of further extending the mine at depth beyond the 380mL.</p> <p>Mine production performance continued strongly over the quarter (refer to Key Quarterly Statistics on page 5 for details).</p> <p>Paste continues to be critical to the production schedule and geotechnical support. The paste plant and delivery system is performing well and approximately 34,000m³ of paste was placed, in line with production schedules.</p> <p>Processing plant performance and availability continued to be maintained at a high level.</p> <p>More than 110,000 tonnes of ore were processed at planned grade. Zinc recoveries improved to 85% and lead recoveries maintained overall performance at 85% (refer to Key Quarterly Statistics on page 5 for details).</p> <p>Metallurgical performance remains a focus and improvements to the floatation circuit have been identified for trials in early 2013.</p> <p>Exploration</p> <p>Stage 1 of the Angas near-mine exploration programme has commenced as planned with drilling of the Rowe and Albyn anomalies aimed at identifying resources accessible from current Angas development (an extension of Rankine to depth).</p> <p>Stage 2 of the near-mine exploration will include a downhole electromagnetic survey in the first quarter of 2013.</p>



Operation Description	Activities for the Quarter
<p>Oued Amizour Project <i>100% owned by Western Mediterranean Zinc Spa (WMZ)</i></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>Oued Amizour Exploration Permit 5225PE is a 125km² tenement which contains several lead-zinc deposits.</p>	<p>As announced during the quarter, the Company intends to retain its interest in the Tala Hamza project and reaffirmed its commitment to the progression of the project in 2013.</p> <p>The Company continues to liaise with its Joint Venture partner to determine a path forward and is assessing all avenues to progress the project. Subsequent to period end, Mr Nic Clift has travelled to Algeria to meet with key stakeholders to discuss the lack of progress and reiterate the Company's commitment and willingness to progress the project in 2013.</p> <p>The Algerian regulator has advised that the renewal of the exploration permit will be finalised upon an agreement being reached with the JV partner on the Definitive Feasibility Study.</p>
<p>Menninnie Zinc Project <i>100% owned by Terramin subsidiary Menninnie Metals Pty Ltd</i></p> <p>The Menninnie Zinc project comprises a group of five Exploration Licences covering a contiguous area of 2,471km².</p> <p>These licences are Menninnie Dam (EL5039), Nonning (EL4813), Kolendo (EL4285), Taringa (EL4669) and Wipipippee Hill (EL4865).</p> <p>Menninnie Metals Pty Ltd has entered into a binding heads of agreement with Musgrave Minerals Ltd for the farm-in and joint venture of the Menninnie Dam Project.</p>	<p>The Company announced the execution of a Heads of Agreement with Musgrave Minerals Ltd (Musgrave) in October 2012. All the conditions included in this Heads of Agreement have been satisfied.</p> <p>Musgrave Minerals Ltd commenced exploration drilling on Menninnie Dam as planned during the quarter. Further announcements will be made as results become available.</p> <p>Menninnie Metals has applied for additional exploration tenements to extend the Company's interests in this highly prospective area. The tenements are located to the west of, and are contiguous with, the Taringa tenement (ELA2012/00299, Unalla and ELA2012/00316, Mt Ive). The area covers 584km² and is prospective for base metals, silver and gold.</p>
<p>Fleurieu Exploration Project <i>100% Terramin owned</i></p> <p>Comprises five contiguous Exploration Licences adjacent to the Angas Mine Lease:</p> <p>Bremer (EL4936); Hartley (EL5078); Currency Creek (EL4210); Langhorne Creek (EL4466); and Pfeiffer (EL5102) which together cover 1,186km² on the Fleurieu Peninsula in South Australia.</p> <p>The tenements cover an elongated zone stretching 60km northeast and southwest of the Angas Mine Lease.</p>	<p>As announced on 15 January 2013, drilling commenced at the Pipeline prospect during January to test the presence of the gold, bismuth and copper system.</p> <p>In addition to the Pipeline gold prospect, the Fleurieu Exploration project incorporates a number of high quality gold, copper and base metal prospects. Priority targets to be tested in 2013 include several electromagnetic anomalies that were identified and prioritised from the 2010 Versatile Domain Electromagnetic (VTEM) survey that covered a large portion of Terramin's Fleurieu tenements.</p> <p>During the period, Exploration Licence EL5102, Pfeiffer, was granted and applications for further exploration licences covering 1,054km² were lodged with the Department of Manufacturing, Innovation, Trade, Resources, and Energy (ELA 2012/00315, Tepko and ELA 2012/00317, Kinchina).</p>



Key quarterly statistics

	March Quarter 2012	June Quarter 2012	September Quarter 2012	December Quarter 2012	Production 12 Mths 2012	Forecast 12 Mths 2012
Production statistics						
Total ore mined (tonnes)	106,854	110,743	111,492	105,087	434,176	
Total ore treated (tonnes)	106,364	116,142	109,446	110,035	441,987	416,000
Ore grade:						
- Zn%	7.73	7.98	9.37	8.24	8.33	
- Pb%	2.77	3.44	4.58	3.47	3.57	
- Cu%	0.19	0.23	0.25	0.21	0.22	
- Ag g/t	26.5	37.0	46.9	34.4	36.2	
Zinc Concentrate (tonnes)	14,031	15,354	16,706	15,630	61,720	57,000
Grade:						
- Zn%	49.4	50.8	50.6	49.4	50.0	
Recovery:						
- Zn%	84.2	84.1	82.4	85.1	83.9	
Lead Concentrate (tonnes)	4,601	6,654	8,237	5,973	25,465	20,000
Grade:						
- Pb%	51.7	51.6	52.7	54.1	52.6	
- Cu%	3.0	3.2	2.6	2.9	2.9	
- Ag g/t	451	528	510	509	504	
- Au g/t	8.2	8.6	7.2	9.5	8.3	
Recoveries						
- Pb%	80.7	85.8	86.7	84.6	84.8	
- Cu%	69.2	77.4	77.8	73.3	74.8	
- Ag%	73.7	81.8	81.9	80.4	80.1	
Payable metal						
- Zn t	5,802	6,564	7,114	6,466	25,948	
- Pb t	2,241	3,232	4,097	3,055	12,625	
- Cu t	28	43	40	34	145	
- Ag oz	59,306	102,170	121,870	88,151	371,497	
- Au oz	954	1,463	1,481	1,469	5,366	

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

The Angas Zinc Mine continued to perform strongly this quarter, but overall was below the prior quarter which established new benchmarks for ore mined, zinc concentrate and lead concentrate. The fourth quarter completed a record year for the mine posting new benchmarks in several key metrics including ore milled, and zinc and lead concentrate. A total of 105,087 tonnes of ore was mined, a 6% decrease on the prior quarter. Ore treated was marginally higher than the prior quarter with 110,035 tonnes being processed. Zinc and lead feed grades were lower than last period (24% and 12%) resulting in a fall in concentrate production from the prior record quarter. Zinc recoveries were up marginally (3%), partially recovering the dip in grade. Forecast annual production targets announced to the market in January 2012 were surpassed during the fourth quarter.

Cash Costs

The reduced cost profile at the Angas Zinc Mine has continued in the fourth quarter, completing a full-year improvement in the C1 cash cost of 11% as a result of the implementation of efficiencies and net revenue maximisation initiatives during 2012. The C1 cash cost for the December quarter was US 57c/lb. Headline costs increased on the prior quarter which included a number of one-off costs and significant expenditure incurred on water management. The water management costs are reflected in the increased processing costs. Net-by-product credits, transport and handling and zinc treatment charges remained consistent with the prior period.



Key quarterly statistics

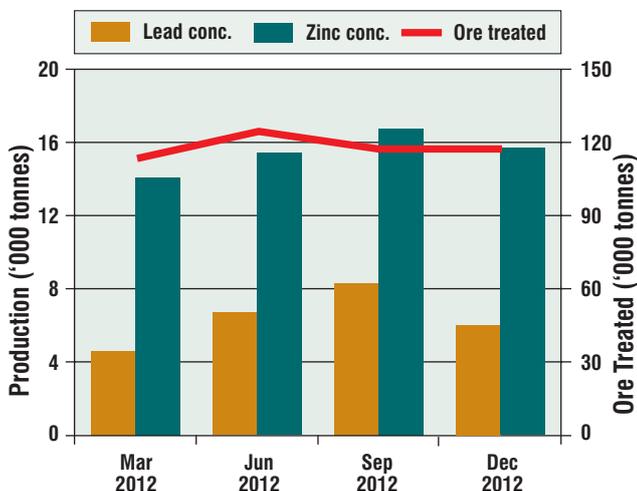
C1 Cash Costs (US c/lb payable zinc)	March Quarter 2012	June Quarter 2012	September Quarter 2012	December Quarter 2012	12 Mths 2012
Production Costs	106	77	77	93	88
- Mining	58	44	41	46	47
- Processing	34	26	27	34	30
- Other Site Costs	14	7	9	13	11
Realisation Costs	37	34	32	32	34
- Transport & Handling	12	14	10	11	12
- Zinc Treatment Charges	25	21	21	21	22
Net By-product Credits	(61)	(61)	(76)	(68)	(66)
C1 Cash Cost	82	50	33	57	56

Sales	March Quarter 2012	June Quarter 2012	September Quarter 2012	December Quarter 2012	12 Mths 2012
- Zinc concentrate (t)	14,002	9,826	19,948	14,380	58,156
- Lead concentrate (t)	4,943	6,487	7,943	6,149	25,522

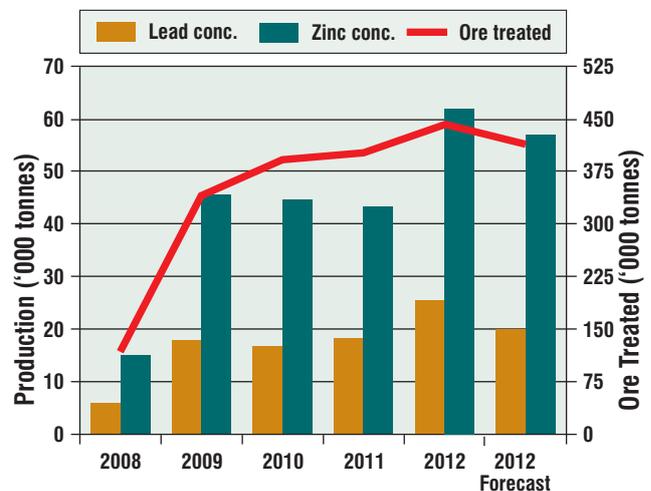
Average Realised Price	March Quarter 2012	June Quarter 2012	September Quarter 2012	December Quarter 2012	12 Mths 2012
Average Price in US\$/t					
- Zinc	2,029	1,966	1,886	1,909	1,940
- Lead	2,330	1,732	2,023	2,470	2,119
Average Price in USc/lb					
- Zinc	92	89	86	87	88
- Lead	106	79	92	112	96

Commodity Prices	March Quarter 2012	June Quarter 2012	September Quarter 2012	December Quarter 2012	12 Mths 2012
Average Price in US\$/t					
- Zinc	2,024	1,928	1,895	1,951	1,950
- Lead	2,094	1,972	1,980	2,203	2,062
Average Price in USc/lb					
- Zinc	92	87	86	89	88
- Lead	95	89	90	100	94

Key historical production data



Quarterly Ore Treated and Concentrate Produced



Annual Ore Treated and Concentrate Produced



Sales

Average realised price for zinc increased by 1% from the prior quarter to US\$1,909, below the average market price for the period of US\$1,951. The average realised price for zinc reflects pricing terms established in advance of the shipments delivered while lead is subject to pricing several months after shipment. The average realised price for lead was impacted positively by a recovery in the lead price together with final pricing revisions on third quarter shipments and resulted in an overall increase of 22% to US\$2,470. The prior quarter pricing revisions resulted in a realised price for lead that was 12% higher than the average market price for the quarter.

Hedging

Zinc

The Company recorded a hedging loss of US\$69/t (US\$0.1m) in relation to the forward sale of 1,936t of zinc metal and a gain of US\$26/t (US\$0.02m) on exercising put options for 1,291t of zinc metal (before the payment of a deferred option premium of US\$0.1m). Put options over 645t of zinc metal lapsed and participation in December's improving price resulted in a marginally improved position (US\$10/t) after the payment of a deferred option premium.

Additional price protection of approximately 30% of forecast February 2013 zinc sales (640t zinc metal) was executed via the forward sale at a price of US\$2,020/t.

Lead

The Company recorded a hedging loss of US\$306/t (US\$0.4m) in relation to the forward sale of 1,175t of lead metal sold in the September 2012 quarter (priced December 2012 quarter).

Price protection in respect of lead metal sold in the December 2012 quarter, with pricing due to settle in the March 2013 quarter, is in place via (a) forward sales (1,479t at an average of US\$1,952/t); and (b) deferred option premiums (1,054t) at a strike price of US\$1,936.

Additional price protection in relation to 875t of January and February 2013 forecast lead metal sales was executed via forward sales at a flat forward price of US\$2,100/t. Hedging positions were maintained in accordance with minimum compliance levels.

Currency

At 31 December 2012, the Company had US\$ forward sales in place covering US\$7.3m of future cash flows through to April 2013 at an average rate of 1.03. Foreign currency hedge contracts are maintained to align US\$ denominated revenue with the underlying commodity price risk. A gain of US\$0.3m was realised on delivery into maturing foreign exchange hedges during the period.

Hedging Positions

Summary of hedging positions as at 31 December 2012

METAL		2012 H2	2013 H1	Total
Zinc				
Forward sale contracts	t	1,300	-	1,300
Average price	USD/t	2,021	-	2,021
Bought put options	t	-	-	-
Put option strike price	USD/t	-	-	-
Lead				
Forward sale contracts	t	2,829	-	2,829
Average price	USD/t	2,043	-	2,043
Bought put options	t	1,054	-	1,054
Put option strike price	USD/t	1,936	-	1,936
Gold				
Forward sale contracts	oz	570	-	570
Average price	USD/oz	1,400	-	1,400
CURRENCY				
Forward sale contracts	USD(\$m)	7,294	1,064	7,294
Average price	AUD:USD	1.03	0.98	1.03
Bought put options	USD(\$m)	3,871	-	3,871
Put option strike price	AUD:USD	1.01	-	1.01



Financial Restructure

During the quarter, the Company announced a significant financial restructure, which included a placement and underwritten renounceable rights issue raising \$10 million. The rights issue was completed by 31 December 2012. Upon completion of the capital raising, new cornerstone investors Asipac Group and Tronic Enterprise Development Limited held 37.01% and 7.27% of issued capital respectively. The proceeds of the capital raising will predominantly be applied to advance South Australian exploration interests and progress the Company's Tala Hamza project. Upon completion of the entitlement offer, the Company applied \$3 million of the proceeds to the Corporate revolving facility held with Investec Bank (Australia) Limited. The repayment reduced the balance of the Corporate revolving facility to \$15.5 million at 31 December 2012.

In addition to the Capital Raising, the Company announced the restructure of unsecured debt, which included the acquisition of US\$15 million in convertible notes by the Asipac Group from J.P. Morgan Ventures Energy Corporation. Upon acquisition of the convertible notes, the Asipac Group has deferred the maturity date from 31 March 2013 to:

- 31 May 2014 if an agreement is reached over the maturity date of the \$5 million convertible notes maturing 17 September 2013 (**September 2013 Notes**).
- If such agreement is not reached, immediately before the maturity date of the September 2013 notes or such earlier date that the September 2013 Notes are converted or redeemed.

The Company remains in discussion with the convertible noteholder regarding the deferral of the September 2013 Notes. In addition, the Company has commenced negotiation regarding other near-term scheduled repayments and will continue to pursue opportunities to strengthen its balance sheet.

Subsequent to the end of the period, the Company announced the appointment of Mr Angelo Siciliano as a Non-Executive Director. Mr Siciliano has more than 20 years' experience as an accountant in property development and financial services. He is a fellow of the Institute of Public Accountants and is a Director of Resource Base Limited, a gold producer listed on the ASX.

Tala Hamza Project

In conjunction with the completion of the capital raising, the Board has reaffirmed its commitment to the progression of the Tala Hamza Project in Algeria. As a result, the Company discontinued its discussion with NFC during the quarter, regarding the sale of Terramin's interest in the Tala Hamza project.

Cash

The Company cash balance at 31 December 2012 was \$10.87 million.

CORPORATE INFORMATION

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CAPITAL STRUCTURE

at 31 January 2013

Shares on issue	718,881,339
Unlisted Options	3,695,000
Unlisted convertible/redeemable notes with 5 year term:	
Conversion subject to minimum VWAP of \$1.70 (maturity September 2014)	US\$10,000,000
Convertible at VWAP (maturity May 2014*)	US\$15,050,000
Convertible at \$2.21 per share (maturity September 2013)	\$5,002,400

* subject to final agreement - refer to Financial Restructure above

DIRECTORS

Nic Clift	<i>Managing Director</i>
Michael H Kennedy	<i>Non-Executive Interim Chairman</i>
Peter Zachert	<i>Non-Executive Director</i>
Xie Yaheng	<i>Non-Executive Director</i>
Angelo Siciliano	<i>Non-Executive Director (appointed 2 January 2013)</i>
Stéphane Gauducheau	<i>Company Secretary</i>