

## **TERRAMIN AUSTRALIA LIMITED ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS**

**30 May 2014**

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### **Welcome**

Good morning, Ladies and Gentlemen, my name is Michael Kennedy and I am the Chairman of Terramin Australia Limited. On behalf of the Board of Directors, I warmly welcome you all to the 2014 Terramin Annual General Meeting.

### **Introduction of Directors and Company Secretary**

I would like to introduce the Board of Terramin and senior management of the Company here today. The full details of their background and experience are included in the Annual Report and on the Company website.

- Mr Kevin McGuinness who is the Chair of the Audit and Risk Committee and the Chair of the Nomination and Remuneration Committee. Kevin is an independent non-executive director.
- Mr Angelo Siciliano who is a representative of the Asipac group and is a member of the Audit and Risk Committee and of the Nomination and Remuneration Committee.
- Mr Feng Sheng, who is a principal of the Company's major shareholder and debt holder, the Asipac group of companies.

I would like to pass on the apologies of Mr Xie who because of business commitments has not been able to travel to Australia for the AGM. Mr Xie represents China Non Ferrous Metals Industry's Engineering & Construction Co Ltd (NFC) on the Board of Terramin.

In addition, representing management, we have:

- Mr Martin Janes, who is the Chief Executive Officer of the Company;
- Mr Stéphane Gauducheau, our Legal Counsel and Company Secretary.

I would also like to welcome Justin Humphrey, the audit partner of Grant Thornton, the Company's auditors since last year.

Today's Annual General Meeting will be divided in four parts:

- First, I will provide a short address highlighting key points for the year 2013;
- Secondly, Martin will review the operations of Terramin for the past year and will talk about our future plans;
- Then shareholders will have the opportunity to ask questions about the Company, my address or Martin 's presentation;
- This will be followed by the formal business of the meeting, at which time I will take your questions specifically regarding each of the proposed resolutions.

Without pre-empting Martin's presentation regarding Terramin's achievements over the past year, the status of our assets and positive perspectives for the future, I will say a few words about the transition process that has been happening within the Company and will continue in the coming months.

### **Chairman's Address**

The last year was a year of transition for the Company in rebuilding its business and prospects.

As shareholders would be aware the Company discontinued production at the Angas Zinc mine in October last year. The continued pressure on zinc and lead price made the ore remaining in the mine uneconomic and the Company took the decision to place the mine infrastructure on care and maintenance. Thanks to our staff and management the focus on safety whilst maintaining production delivered some good results. The Board was particularly pleased that despite the announcement of the mine closure, management and staff remained focused on maintaining production within the times defined without compromising safety. The mine safety record particularly over the last 3 years has been excellent to the extent that only one Lost Time Injury was recorded over the last 12 months. The Company has also continued to ensure that it operates in accordance with best practice with regards to safety, protection of the environment and community engagement. This has ensured that the Company continues to hold a strong reputation within the community as a professional mining Company, respectful of its surroundings and that delivers on its commitments. Continuing to retain its social licence is essential for the Company to ensure that it is able to resume operations at Angas with the addition of the Bird-in-Hand Project.

The Company completed the acquisition of the Bird-in-Hand project last year and has since been working hard to be able to develop the project as soon as possible. We acknowledge that there are some challenges but none of which are insurmountable. The Bird-in-Hand Project and additional prospects within the vicinity allow the Company to leverage the existing infrastructure at Angas and place the Company on a strong footing to deliver a profitable project. Whilst based on an Inferred Resource, the preliminary studies undertaken by the Company show that the project can deliver strong economics. The Board expects that the pre-feasibility that is under way will confirm the strong preliminary data. The Company will continue to plan and develop the project with a strong focus on engagement with the local community, in compliance with our obligations as a responsible mining operator, provider of local employment and local activity and the respect of the environment.

Martin will provide more details about the Bird-in-Hand project in his presentation in a moment.

Regarding the Tala Hamza project, I note that at approximately the same time last year at the Company's AGM, I was commenting on the lack of progress at our Algerian project. Today, I am pleased to report that the Company has been making progress towards the development of the project. As shareholders are aware, the Company resumed its discussions with its Algerian government owned partner, ENOF in September 2013. Shortly thereafter, the Company engaged the services of China Non Ferrous Metals Industry's Engineering & Construction Co Ltd (NFC) to review the feasibility study to address the concerns raised by our partners and find solutions with our partners. As discussions progressed, the parties have agreed to suspend the arbitration proceedings before the International Chamber of Commerce. The mining method was the main issue between the partners and following a number of discussions, the parties are now assessing the feasibility of mining the Tala Hamza deposit potentially using a different mining method. The parties have agreed that studies be undertaken to determine the technical and economic feasibility of this alternative mining method. A number of economic assumptions will need to be included in this study to determine basic financial parameters which are currently in discussion with our partner and the Algerian government.

These positive steps are being made at a time when the Algerian government reaffirmed very strongly, in the Board's opinion, its interest in seeing the development of mining projects in Algeria. For instance, the Algerian parliament has recently enacted a new Mining Act which is expected to boost mining projects. In particular a number of tax concessions and assistance in developing projects are made available to certain projects. These incentives are expected to be negotiated with the relevant ministry at a suitable time upon the government having sufficient confidence in the feasibility of the project.

I am not in a position to provide additional information at this stage as confidential discussions are under way but suffice to say that the partners are making good progress and we expect that additional studies will be completed in the coming months. The Company will update shareholders on the outcomes of these studies and these on-going discussions.

On the corporate side the Company is continuing to reduce its debt. Last year, following the completion of a \$14m equity raising, the Company repaid all its outstanding principal debt (\$10m) to Investec Bank. In addition, the Company continued to negotiate a commercially acceptable outcome with the holders of unsecured convertible notes. I note that Asipac Group has agreed to extend the terms of its \$15.05m convertible note to the end of the June while other convertible notes held by an institutional investor are also being negotiated. The Board is confident that these notes will be dealt with appropriately by that deadline.

Out of the moneys raised, some has been used to progress the Bird-in-Hand Project and advance other exploration prospects. The Company's geologists and the Board are particularly excited about the Kapunda exploration grounds where rare earth and copper have been found in abnormal quantities (in samples that have been re-assayed with modern technologies) and at Wheal Barton and

Golden Slopes where historical data show the exciting potential of these areas. It is expected that drilling will start shortly at Wheal Barton and Golden Slopes.

These exploration prospects, the Bird-in-Hand project and the potential for some significant progress being made in the coming months at Tala Hamza are extremely encouraging in our effort to rebuild and expand the business of the Company. We believe the year ahead will be a year of growth and achievements for the Company providing value for shareholders.

I will now handover to the Company's CEO, Mr Martin Janes. I would like to thank you all for attending this year's AGM and thank shareholders for their continuing support for the Company and look forward to providing update on the Company's progress. I would like to thank management and employees for their continued dedication.

Michael Kennedy  
Chairman  
30 May 2014