



ASX Announcement

29 August 2014

Interim Financial Accounts

Terramin Australia Limited (ASX: TZN) is pleased to provide the Company's interim financial accounts for the period ending 30 June 2014.

The past 6 months has seen substantial progress in the rejuvenation of Terramin and progressing the quality assets of the business. In particular, the Board notes the following important advancements in respect of the Company's major projects:

- Significant progress has been made with respect to the Tala Hamza project. Importantly, agreement has been reached with our Algerian joint venture partner on a mining method for the finalisation of the Definitive Feasibility Study (**DFS**). The complementary studies undertaken to finalise the DFS are close to completion and the Board expects to present these studies and outcomes to its joint venture partner and the Algerian ministry of mines in the month of September. These developments occur at a time where the Algerian government has reaffirmed its commitment to the fast development of the project and introduced significant changes to the mining legislation to allow for a number of incentives that the project may benefit from. Whilst these incentives are subject to final agreement with the Algerian government the Board recognises that these are promising steps for the project. The potential development of the Tala Hamza project in 2015 would be timely in a context of a rising zinc price.
- The Bird-in-Hand Gold Project is progressing in accordance with the Company's original timeline. The water studies which will be part of the pre-feasibility study are progressing well with water bore holes being completed and data being collected. Other environmental studies are also progressing well. The Board is also pleased with the level of interaction and engagement of the Company with community groups to address and alleviate any concerns that may arise in respect of the development of the mine.
- The exploration work completed thus far by Terramin's geologists on our extensive Adelaide Hills tenements is very encouraging. Field work at Wheal Barton, Kapunda and Golden Slope confirms the prospectivity of these areas for gold, copper and rare earths.
- The restructure of the majority of the Company's debts (approximately \$21 million) will allow the Company to continue progressing Tala Hamza, Bird-in-Hand and other prospective interests for the next 2 years. The completion of this debt restructure is subject to shareholders' approval at the extraordinary general meeting scheduled for 17 September. The Board is also pleased with the proposed recent placement of shares to Asipac group (subject to shareholder approval) which will retire an additional \$1 million of debt.

Commenting on the results, Terramin Chairman, Mr Michael Kennedy stated “Terramin has accumulated high quality assets that have real development potential in the short to medium term as well as a portfolio of tenements that provide excellent exploration potential. Creating value from these assets remains the focus for the Board and management team. We are pleased to have ongoing support from our major shareholders and we have attracted substantial new investment recently from parties who see the potential upside from these assets”.

For further information, please contact:

Martin Janes
Chief Executive Officer
Terramin Australia Limited
+61 8 8213 1415
info@terramin.com.au

Level 3
70 Hindmarsh Square
Adelaide
SA
5000



TERRAMIN AUSTRALIA LIMITED

ABN 67 062 576 238

& Controlled Entities

INTERIM FINANCIAL REPORT *for the six months ended 30 June 2014*

Contents

Appendix 4D	2
Director's Report	3
Auditor's Independence Declaration	6
Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Interim Statement of Financial Position	8
Consolidated Interim Statement of Changes in Equity	9
Consolidated Interim Statement of Cash Flows	11
Notes to the Consolidated Interim Financial Statements	12
Directors' Declaration	19
Independent Review Report	20

Results for Announcement to the Market*for the six months ended 30 June 2014***APPENDIX 4D****Group results**

	2014 \$'000	Restated 2013 \$'000	Change %
Revenue from ordinary activities	17	28,497	(99.9)
Loss after tax attributable to equity owners of the Company - before non-controlling interests	(2,427)	(6,157)	(60.5)
Loss after tax attributable to equity owners of the Company - after non-controlling interests	(2,562)	(6,312)	(59.4)

Dividends/Distributions

	Amount per security	Franked amount per security
2014 interim dividend	Nil	Nil
2013 interim dividend	Nil	Nil

Net Tangible Assets Per Share

	30 June 2014 \$/share	Restated 30 June 2013 \$/share
Net tangible assets per share	0.01	0.01

The commentary on the results for the period is contained in the Director's Report. This Interim Financial Report is to be read in conjunction with the 2013 Annual Financial Report.

Director's Report

for the six months ended 30 June 2014

Your Directors submit their report on the consolidated entity comprising Terramin Australia Limited (the **Company** or **Terramin**) and its controlled entities (the **Group**) for the six months ended 30 June 2014 and the review report thereon. Terramin is a public company, limited by shares, that is incorporated and domiciled in Australia.

This report should be read in conjunction with the Company's 2013 Annual Financial Report.

BOARD OF DIRECTORS

The following persons were Directors of the Company during the interim period up to and including the date of this report (unless stated otherwise):

Mr Michael H Kennedy	<i>Chairman</i>
Mr Kevin McGuinness	<i>Non-Executive Director</i>
Mr Angelo Siciliano	<i>Non-Executive Director</i>
Mr Feng Sheng	<i>Non-Executive Director</i>
Mr Xie Yaheng	<i>Non-Executive Director</i>

REVIEW OF OPERATIONS

Principal Activities

The principal activities of the Company during the period were the development of and exploration for base and precious metals and other economic mineral deposits.

Review of Operations

During the period the Company engaged in positive discussions with their Algerian partner with respect to the Tala Hamza project, with the focus on advancing the review of the definitive feasibility study. The Company also continued with water studies as part of the pre-feasibility study for the Bird-in-Hand project in South Australia.

Oued Amizour Zinc Project (Terramin 65%)

The Oued Amizour Zinc Project is 100% owned by Western Mediterranean Zinc Spa (WMZ). Terramin has a 65% shareholding in WMZ. The remaining 35% is held by two Algerian government owned companies: Enterprise National des Produits Miniers Non-Ferreux et des Substances Utiles Spa (ENOF) (32.5%) and Office National de Recherche Géologique et Minière (ORGM) (2.5%). WMZ was formed following a resolution of the State Participation Council (CPE) to create a joint venture between ENOF and Terramin for the development and mining of the Oued Amizour zinc-lead deposit.

Following the execution of a Technical Cooperation Agreement with China Non-Ferrous Metal Industry's Foreign Engineering and Construction Company (NFC) in December 2013, the Company and NFC's technical representatives have commenced a review of the Definitive Feasibility Study (DFS) for the Tala Hamza Project. NFC and Terramin have submitted a preliminary report regarding the potential use of an alternative mining method to develop this project. The joint venture parties and NFC are currently discussing the technical details of the mining method and its implications in terms of mine design, life of mine, project economics, environmental impact including the tailings facility, safety and employment.

During the period, the Company discussed with the Australian Securities and Investments Commission (ASIC) the Company's ability to continue capitalising the balance of exploration expenditure incurred for the Oued Amizour project. Please refer to Note 2 (e) for further information relating to this matter.

Bird-in-Hand Gold Project (Terramin Exploration Pty Ltd 100%)

The Bird-in-Hand Gold Project is located approximately 30km north of Terramin's existing mining and processing facilities at the Angas Zinc Mine. The project has a high grade Resource of 233,000 ounces of gold which is amenable to underground mining. It is anticipated that subject to required regulatory approvals, the Bird-in-Hand material will be processed utilising the facilities at Angas which can be modified to process gold-bearing material. The existing tailings dam at Angas has the capacity to hold all the Bird-in-Hand tailings.

The Bird-in-Hand project is progressing with base line environmental studies which form part of the pre-feasibility study. A material part of the initial studies target regional ground water and aquifer interaction.

Adelaide Hills Exploration Project (Terramin 100% / Terramin Exploration Pty Ltd 100%)

The Adelaide Hills project consists of twelve contiguous exploration tenements that cover 3,547km² stretching 120km between Victor Harbor and Kapunda. This project area is considered prospective for gold, copper, lead, zinc and rare earth elements.

Three project areas have so far been identified for further work: Wheal Barton, Kapunda and Golden Slope.

Copper mineralisation with potential gold and silver association has been identified at Wheal Barton. Access agreements are in place with land owners and a drilling application has been lodged with the Department of State Development (DSD).

Copper, gold and rare earths have been discovered at Kapunda and Terramin is in the process of converting large historic data sets into a single consolidated digital database.

Terramin considers the Golden Slope area highly prospective for the discovery of high grade gold mineralisation.

Access agreements are in place with land owners and a drilling application has been lodged with the DSD.

Menninnie Zinc Project (Terramin 100% through its wholly owned subsidiary Menninnie Metals Pty Ltd, farm-in joint venture comprising 5 exploration licences covering 2,471km²)

Menninnie Metals has entered into a binding heads of agreement with Musgrave Minerals Ltd (**Musgrave**) for the farm-in and joint venture of the Menninnie Dam Project.

All the conditions included in this heads of agreement have been satisfied.

Musgrave has continued exploration drilling on several Menninnie Dam prospects in the six months to June 2014, returning encouraging assay results.

Director's Report

for the six months ended 30 June 2014 (continued)

Angas Zinc Mine (Terramin 100%)

The Angas Zinc Mine is located 2km outside the town of Strathalbyn, 60km from Adelaide. The mine is currently under care and maintenance pending the resumption of exploration at depth and near mine and evaluation of the development of the Bird-in-Hand Gold project.

Environment

The Group (in particular the Company's Angas Zinc Mine) is subject to significant environmental regulation under both Commonwealth and South Australian legislation in relation to its exploration, development and mining activities. Exploration Licences and Mining Leases are issued subject to various obligations as to environmental monitoring and rehabilitation, and ongoing compliance with all relevant legislative obligations. The Group's Directors, employees and consultants are committed to achieving a high standard of environmental performance and, in this regard, the Board considers and if

required addresses these issues through the Audit, Risk & Compliance Committee.

No environmental incidents were recorded during the period with all environmental monitoring areas within compliance. Insofar as the Directors are aware, there have been no material breaches or other material instances of non-compliance, nor any recorded known areas of outstanding compliance, with any applicable environmental legislation or other regulations.

Corporate

A total of 17,411,807 shares were issued during the period. Of these, 13,830,327 shares were issued for the satisfaction of interest (\$507,200) due on outstanding Convertible Notes and Loan Facilities. The remaining 3,581,480 shares (\$140,000) were issued to directors.

There were no unlisted options over fully paid ordinary shares in the capital of the Company exercised during the period. No options have been cancelled during the period.

GROUP TENEMENT LISTING

Title Name and Location	Licence Number	Licence Area	Terramin Interest	Minimum Expenditure Commitment
Angas – South Australia	ML 6229	87.97ha	100%	Not applicable
Bremer – South Australia	EL 4936	387 km ²	100%	\$630,000 ¹
Currency Creek – South Australia	EL 5356	80 km ²	100%	Amalgamated with EL 4936
Hartley – South Australia	EL 5078	112 km ²	100%	Amalgamated with EL 4936
Kinchina – South Australia	EL 5252	56 km ²	100%	Amalgamated with EL 4936
Langhorne Creek – South Australia	EL 4466	250 km ²	100%	Amalgamated with EL 4936
Pfeiffer – South Australia	EL 5102	154 km ²	100%	Amalgamated with EL 4936
Tepko – South Australia	EL 5339	998 km ²	100%	\$250,000 over two years
WMZ Interest				
Oued Amizour - Algeria ³	5225PE	12,276 ha	100%	Not applicable
Terramin Exploration Interest				
Lobethal – South Australia	EL 4303	222 km ²	100%	\$325,000 ²
Kapunda – South Australia	EL 5262	624 km ²	100%	Amalgamated with EL 4303
Mount Barker – South Australia	EL 5214	118 km ²	100%	Amalgamated with EL 4303
Mount Torrens – South Australia	EL 4227	94 km ²	100%	Amalgamated with EL 4303
Mount Pleasant – South Australia	EL 4712	452 km ²	100%	Amalgamated with EL 4303
Menninnie Interest				
Menninnie – South Australia	EL 5039	101 km ²	100%	\$480,000 over 3 years
Kolendo – South Australia	EL 4285	208 km ²	100%	\$100,000 over 2 years
Mt Ive – South Australia	EL 5276	429 km ²	100%	\$150,000 over 2 years
Nonning – South Australia	EL 4813	312 km ²	100%	\$240,000 over 2 years
Taringa – South Australia	EL 4669	988 km ²	100%	\$250,000 over 2 years
Unalla – South Australia	EL 5266	155 km ²	100%	\$90,000 over 2 years
Wipipippee – South Australia	EL 4865	862 km ²	100%	\$230,000 over 2 years
Thurlga – South Australia	ELA2013/00206	951 km ²		
Mt Ive South – South Australia	ELA2014/00004	394 km ²		
Tanner – South Australia	ELA2014/00033	354 km ²		

1. Amalgamated Expenditure Arrangement for the period 1/07/2013 to 30/06/2014.

2. Amalgamated Expenditure Arrangement for the period 01/01/2014 to 30/06/2014.

3. Application lodged for renewal of licence on 23 June 2011. The application for renewal of the Oued Amizour exploration licence which expired on 26 August 2011 continues to be assessed by Agence Nationale du Patrimoine Minier (ANPM), the Algerian regulator. ANPM 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. The Company has satisfied all the legal requirements for a renewal to be granted and on this basis has reasonable grounds to expect renewal of the exploration permit.

Director's Report

for the six months ended 30 June 2014 (continued)

FINANCIAL

The consolidated loss of the Group after providing for income tax and non-controlling interest was \$2.6 million for the half-year ended 30 June 2014 (2013: restated \$6.3 million).

A net loss of \$1.1 million was incurred on the sale of mobile and underground plant post closure. In relation to depreciation and amortisation, charges for the period were \$0.04 million (2013: \$7.4 million).

The consolidated net asset position as at 30 June 2014 was \$18.5 million (2013: restated \$22.0 million) with current liabilities exceeding current assets by \$36.2 million (2013: \$32.6 million).

No dividends were paid during the interim period and the Directors have not recommended the payment of a dividend.

EVENTS OCCURRING AFTER THE REPORTING DATE

On the 24th of July 2014, the Company announced that it had entered into an agreement to restructure its convertible notes obligations, with the existing Asipac convertible note of US\$15.05 million to be redeemed and a new Australian dollar denominated convertible note worth \$16.24 million (subject to shareholder approval) to be issued with a term of two years. A new institutional investor has agreed to refinance the maturing \$5.0 million convertible note with a new \$5.5 million convertible note which has also a term of two years.

On the 29th of July 2014, the Company announced that it had entered into an agreement with the Asipac Group to increase the existing debt facility from \$1.8 million to \$2.8 million. The additional \$1 million loan will be used to progress the Bird-in-Hand project and as working capital.

On the 30th of July 2014, the Company announced that it has agreed to a placement of 23,529,412 shares to the Asipac Group to raise \$1 million subject to shareholders approval. The funds will be partially applied to the outstanding loan balance with the Asipac Group to enable Terramin to redraw from this revolving facility as and when additional funding is required.

The Company has agreed to pay Asipac \$0.75 million payable in shares subject to shareholder approval for the restructure of the existing US\$15.05 million convertible note. The Company will also pay an arrangement fee of \$0.33 million in cash for facilitating the placement of the new \$5.5 million convertible note to an institutional investor.

In the Directors' opinion, no further events or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company or the Group, the results of those operations or the state of affairs of the Group in future financial years that have not been otherwise disclosed in this report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the six months ended 30 June 2014 can be found on page 6 and forms part of the Director's Report.

Signed in Adelaide on the 29th day of August 2014 in accordance with a resolution of the Board of Directors.



Michael Kennedy

Chairman



Kevin McGuinness

Director

Auditor's Independence Declaration



Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF TERRAMIN AUSTRALIA LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Terramin Australia Limited for the half-year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 August 2014

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Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 30 June 2014

	Note	2014 \$'000	Restated 2013 \$'000
Revenue		17	28,497
Raw materials, consumables and other direct costs		(587)	(23,532)
Change in inventories of finished goods and WIP		-	(2,623)
Employee expenses		(439)	(1,202)
Depreciation and amortisation		(44)	(7,448)
Write back of impairment losses	7	-	5,565
Loss on disposal of plant and equipment		(1,087)	-
Exploration expenses		(482)	(502)
Other expenses		(487)	(1,083)
Loss before net financing costs and income tax		(3,109)	(2,328)
Finance income	4	1,477	2,577
Finance costs	4	(930)	(6,561)
Net finance costs		547	(3,984)
Loss before income tax		(2,562)	(6,312)
Income tax expense		-	-
Loss for the period		(2,562)	(6,312)
Attributable to:			
Owners of the Company		(2,427)	(6,157)
Non-controlling interest		(135)	(155)
Loss for the period		(2,562)	(6,312)
Other comprehensive (loss) /income			
Foreign currency translation differences for foreign operations		(1,590)	1,932
Other comprehensive (loss) /income for the period, net of income tax		(1,590)	1,932
Total comprehensive loss for the period		(4,152)	(4,380)
Attributed to:			
Owners of the Company		(3,460)	(4,901)
Non-controlling interest		(692)	521
Total comprehensive loss for the period		(4,152)	(4,380)
Earnings per share attributable to the ordinary equity holders of the Company:			
	Note	2014	Restated 2013
Basic earnings/(loss) per share - (cents per share)	13(a)	(0.19)	(0.79)
Diluted earnings/(loss) per share - (cents per share)	13(a)	(0.19)	(0.79)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Consolidated Interim Statement of Financial Position*as at 30 June 2014*

	Note	2014 \$'000	Restated December 2013 \$'000
Assets			
Cash and cash equivalents		949	4,799
Trade and other receivables		115	1,098
Inventories	8	-	1,647
Other assets		152	212
Total current assets		1,216	7,756
Non-current assets			
Inventories	8	1,660	-
Property, plant and equipment	5	7,139	8,833
Exploration and evaluation	6	51,328	51,448
Total non-current assets		60,127	60,281
TOTAL ASSETS		61,343	68,037
Liabilities			
Current Liabilities			
Trade and other payables		1,393	1,999
Borrowings	9	35,459	35,557
Provisions		575	1,196
Total current liabilities		37,427	38,752
Non-current liabilities			
Borrowings	9	-	1,782
Provisions		5,426	5,508
Total non-current liabilities		5,426	7,290
TOTAL LIABILITIES		42,853	46,042
NET ASSETS		18,490	21,995
EQUITY			
Share capital	11	160,443	159,796
Reserves		4,021	5,054
Accumulated losses		(160,628)	(158,201)
Total equity attributable to equity holders of the Company		3,836	6,649
Non-controlling interest		14,654	15,346
TOTAL EQUITY		18,490	21,995

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Consolidated Interim Statement of Changes in Equity

for the half-year ended 30 June 2014

	Share capital \$'000	Share option reserve \$'000	Translation reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 January 2014	159,796	8,966	(3,184)	(156,363)	9,215	16,549	25,764
Prior period error (note 2(e))	-	-	(728)	(1,838)	(2,566)	(1,203)	(3,769)
Balance at 1 January 2014 (Restated)	159,796	8,966	(3,912)	(158,201)	6,649	15,346	21,995
Total comprehensive income for the period							
Loss for the period	-	-	-	(2,427)	(2,427)	(135)	(2,562)
Other comprehensive income							
Foreign currency translation differences	-	-	(1,033)	-	(1,033)	(557)	(1,590)
Total other comprehensive income	-	-	(1,033)	-	(1,033)	(557)	(1,590)
Total comprehensive income for the period	-	-	(1,033)	(2,427)	(3,460)	(692)	(4,152)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	647	-	-	-	647	-	647
Total contributions by and distributions to owners	647	-	-	-	647	-	647
Balance at 30 June 2014	160,443	8,966	(4,945)	(160,628)	3,836	14,654	18,490

Consolidated Interim Statement of Changes in Equity*for the half-year ended 30 June 2013*

	Share capital \$'000	Share option reserve \$'000	Translation reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 January 2013	143,699	8,966	(6,441)	(146,620)	(396)	15,015	14,619
Prior period error (note 2(e))	-	-	659	(2,188)	(1,529)	(426)	(1,955)
Balance at 1 January 2013 (Restated)	143,699	8,966	(5,782)	(148,808)	(1,925)	14,589	12,664
Total comprehensive income for the period							
Loss for period (previously stated)	-	-	-	(5,810)	(5,810)	-	(5,810)
Prior period error (note 2(e))	-	-	-	(347)	(347)	(155)	(502)
Loss for the period (Restated)	-	-	-	(6,157)	(6,157)	(155)	(6,312)
Other comprehensive income							
Foreign currency translation (previously stated)	-	-	2,090	-	2,090	-	2,090
Prior period error (note 2(e))	-	-	(834)	-	(834)	676	(158)
Foreign currency translation differences (Restated)	-	-	1,256	-	1,256	676	1,932
Total other comprehensive income	-	-	1,256	-	1,256	676	1,932
Total comprehensive income for the period	-	-	1,256	(6,157)	(4,901)	521	(4,380)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	1,645	-	-	-	1,645	-	1,645
Total contributions by and distributions to owners	1,645	-	-	-	1,645	-	1,645
Balance at 30 June 2013 (Restated)	145,344	8,966	(4,526)	(154,965)	(5,181)	15,110	9,929

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Consolidated Interim Statement of Cash Flows

for the half-year ended 30 June 2014

	2014 \$'000	Restated 2013 \$'000
Cash from operating activities:		
Receipts from customers	1,054	28,560
Exploration and evaluation expenses	(482)	(502)
Payments to suppliers and employees	(2,463)	(27,393)
Financing costs and interest paid	(498)	(983)
Interest received	32	57
Total cash (used by) operating activities	(2,357)	(261)
Cash flows from investing activities:		
Proceeds from the sale of fixed assets	582	-
Acquisition of property, plant and equipment	(39)	(106)
Mine construction and development expenditure	-	(24)
Exploration and evaluation expenditure	(1,418)	(708)
Net cash (used by) investing activities	(875)	(838)
Cash flows from financing activities:		
Payment of transaction costs on debt and/or equity	-	(582)
Realised derivative gains	-	(931)
Proceeds from borrowings	213	4,400
Repayment of borrowings	(801)	(8,693)
Net cash (used by) financing activities	(588)	(5,806)
Other activities:		
Net (decrease) in cash and cash equivalents	(3,820)	(6,905)
Net foreign exchange differences	(30)	147
Cash and cash equivalents at beginning of period	4,799	10,865
Cash and cash equivalents at end of period	949	4,107

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

Condensed Notes

to the Consolidated Interim Financial Statements for the half-year ended 30 June 2014

NOTE 1: REPORTING ENTITY

Terramin Australia Limited is a listed public company, incorporated and domiciled in Australia. The consolidated interim financial report as at and for the six months ended 30 June 2014, covers the economic entity of Terramin Australia Limited and its controlled entities (together referred to as the Group).

NOTE 2: BASIS OF PREPARATION

(a) Statement of Compliance

The consolidated interim financial report is a general purpose financial report that has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001* (Cth).

The consolidated interim financial report was authorised for issue by the Directors on the 29th of August 2014.

(b) Reporting Basis

The interim financial report does not include full disclosures of the type normally included in an annual financial report, and therefore it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2013, and any public announcements made by the Company during the interim reporting period in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001* (Cth).

Where required by accounting standards, comparative figures have been reclassified to conform with changes in presentation in the current interim financial period.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report has been prepared in Australian dollars on the basis of historical costs and does not take into account changing money values or fair values of assets.

(c) Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2013.

(d) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the 2014 interim period, the Group incurred a loss of \$2.6 million, bringing accumulated losses to \$161 million. As at 30 June 2014, the Group's current liabilities exceeded its current assets by \$36.2 million and had operating cash outflows during the interim period of \$2.4 million.

Current liabilities at 30 June 2014 include convertible notes of US\$15.05 million, \$10.6 million and \$5.0 million with maturity dates of 30 July 2014, 23 September 2014 and 31 July 2014 respectively. Subsequent to the reporting date, the Company has restructured its convertible notes obligations, with the Asipac convertible note of US\$15.05 million to be redeemed and a new A\$16.24 million convertible note to be issued (subject to shareholder approval). A new institutional investor has agreed to refinance the maturing \$5.0 million convertible note with a new \$5.5 million convertible note which has a term of two years from 31 July 2014.

Details of other current borrowings are outlined in note 9 to the interim financial statements.

The financial report has been prepared on a going concern basis on the expectation that the Group can raise additional equity or restructure debt when required. The Group's ability to raise equity will rely on investor confidence in the development of the Bird-in-Hand project or that the \$41.7 million investment in the Oued Amizour Zinc project can be realised through mining or sale. The realisation of the investment in the Oued Amizour Zinc project is dependent on agreement being reached with respect to the Definitive Feasibility Study.

The Directors note that the matters outlined above indicate material uncertainty, which may cast doubt on the ability of the Group to continue as a going concern. At the date of this report, the Directors are confident that the Group has adequate resources to continue to explore, evaluate and develop the Group's areas of interest and will ensure the Company has sufficient funds to meet its obligations. For the reasons outlined above, the Board has no intention or indeed the necessity to liquidate or otherwise wind up its operations for the foreseeable future.

(e) Restatement

During the period, the Company discussed with the Australian Securities and Investments Commission (ASIC) the Company's ability to continue capitalising the balance of exploration expenditure incurred on the Oued Amizour project from August 2011 to December 2013 in accordance with Australian Accounting Standard AASB6. Notwithstanding that the Algerian regulator has continued to assess the renewal of the exploration permit since August 2011, the Company reasonably believed that it had rights to tenure on the basis of the continuity of its Joint Venture Agreement with a government owned entity, sanctioned by the highest level of government and the continuity of the work performed to progress the project. Based on these discussions with ASIC the Company has expensed \$3.8 million (inclusive of foreign currency movement) post exploration licence expenses as a prior period restatement in the interim financial report for the period ended 30 June 2014. All expenditure incurred during the period 1 January 2014 to 30 June 2014 has also been expensed at 30 June 2014. The restated balances as at 31 December 2013 are as follows:

Condensed Notes

to the Consolidated Interim Financial Statements for the half-year ended 30 June 2014 (continued)

Consolidated Interim Statement of Financial Position	Reported balance December 2013 \$000	Adjustment December 2013 \$000	Restated balance December 2013 \$000
Exploration and evaluation			
At cost	59,431	(3,769)	55,662
Less impairment	(4,214)	-	(4,214)
Total exploration and evaluation	55,217	(3,769)	51,448
Opening carrying amount	47,374	(1,954)	45,420
Additions	4,491	(1,362)	3,129
Foreign Currency Movement	3,352	(453)	2,899
Carrying amount at the end of the year	55,217	(3,769)	51,448
Exploration by Region			
- Australia	8,103	-	8,103
- Algeria	47,114	(3,769)	43,345
Total	55,217	(3,769)	51,448
Accumulated Losses	(156,363)	(1,838)	(158,201)
Non-controlling interest	16,549	(1,203)	15,346
Foreign Exchange Reserve	(3,184)	(728)	(3,912)
		(3,769)	

Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	Reported balance June 2013 \$000	Adjustment June 2013 \$000	Restated balance June 2013 \$000
Exploration expenses	-	(502)	(502)
Loss for the period	(5,810)	(502)	(6,312)
Attributable to:			
Owners of the Company	(5,810)	(347)	(6,157)
Non-controlling interest	-	(155)	(155)
Foreign currency translation differences for foreign operations	(2,090)	158	(1,932)
Total comprehensive loss for the period	(3,720)	(660)	(4,380)
Attributable to:			
Owners of the Company	(3,720)	(1,181)	(4,901)
Non-controlling interest	-	521	521

Consolidated Interim Statement of Cash Flows	Reported balance June 2013 \$000	Adjustment June 2013 \$000	Restated balance June 2013 \$000
Cash from operating activities:			
Exploration and evaluation expensed	-	(502)	(502)
Cash flows from investing activities:			
Exploration and evaluation expenditure	(1,210)	502	(708)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 December 2013.

Condensed Notes*to the Consolidated Interim Financial Statements for the half-year ended 30 June 2014 (continued)***NOTE 4: OTHER INCOME & EXPENSES**

	30 June 2014 \$'000	Restated 30 June 2013 \$'000
Finance income		
Interest income	24	57
Unrealised foreign exchange gain on convertible notes ¹	1,403	-
Unrealised foreign exchange gains	-	2,243
Realised foreign exchange and commodity hedging gains	50	277
Total finance income	1,477	2,577
Finance costs		
Interest on convertible notes	450	586
Interest on borrowings	149	628
Unwinding of discount on mine rehabilitation provision	-	64
Other borrowing costs	256	1,026
Unrealised foreign exchange loss on convertible notes ¹	-	2,884
Unrealised foreign exchange and commodity hedging losses	45	-
Realised foreign exchange and commodity hedging losses	30	1,373
Total finance costs	930	6,561

1. At 30 June 2014, the Company had \$25.05 million of USD denominated convertible notes on issue (30 June 2013: \$25.05 million).

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	Freehold land \$'000	Buildings and other infrastructure \$'000	Plant and equipment \$'000	Construction in progress \$'000	Total property plant & equipment \$'000
Opening carrying amount at 1 January 2014	2,819	14	6,000	-	8,833
Additions	-	-	-	39	39
Disposals	-	-	(1,667)	-	(1,667)
Transfers	-	-	39	(39)	-
Depreciation and amortisation	-	(2)	(42)	-	(44)
Reversal of Impairment Loss	-	-	-	-	-
Foreign currency movement	-	-	(22)	-	(22)
Carrying amount at 30 June 2014	2,819	12	4,308	-	7,139

CONSOLIDATED	Freehold land \$'000	Leasehold improvements \$'000	Buildings and other infrastructure \$'000	Plant and equipment \$'000	Mining property and development \$'000	Construction in progress \$'000	Mine rehabilitation assets \$'000	Total \$'000
Opening carrying amount at 1 January 2013	2,819	3	14	3,465	4,064	237	341	10,943
Additions	-	-	12	-	-	1,087	-	1,099
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	1,300	24	(1,324)	-	-
Depreciation and amortisation	-	(3)	(12)	(4,218)	(4,088)	-	(341)	(8,662)
Impairment	-	-	-	5,565	-	-	-	5,565
Foreign currency movement	-	-	-	(112)	-	-	-	(112)
Carrying amount at 31 December 2013	2,819	-	14	6,000	-	-	-	8,833

Condensed Notes

to the Consolidated Interim Financial Statements for the half-year ended 30 June 2014 (continued)

NOTE 6: EXPLORATION AND EVALUATION ASSETS

	30 June 2014 \$'000	Restated 31 December 2013 \$'000
CONSOLIDATED		
Opening carrying amount (Restated)	51,448	45,420
Additions	1,515	3,129
Foreign currency movement	(1,635)	2,899
Carrying amount at the end of period	51,328	51,448
Exploration by Region		
- Australia	9,618	8,103
- Algeria	41,710	43,345
Total	51,328	51,448

The Oued Amizour exploration license expired on 26 August 2011. The license is required to undertake additional drilling on the site. Agence Nationale du Patrimoine Minier, the Algerian regulator, have advised that the renewal of the exploration permit will be finalised upon the agreement being reached with the JV partner on the Definitive Feasibility Study (DFS). Recoverability of the carrying amount of the exploration and evaluation assets is dependent on either the successful development and commercial mining or sale of respective area of interest.

NOTE 7: IMPAIRMENT OF NON-CURRENT ASSETS

In June 2013, the Directors reversed previously recognised impairment in relation to mining plant and equipment. The reversal of impairment was for \$5.565 million.

There have been no additional impairment charges or reversal of impairment charges since 30 June 2013.

NOTE 8: INVENTORIES

	30 June 2014 \$'000	Restated 31 December 2013 \$'000
Current		
Raw materials and consumables (at cost)	-	1,647
Total inventories at the lower of cost and net realisable value	-	1,647
Non-current		
Raw materials and consumables (at cost)	1,660	-
Total inventories at the lower of cost and net realisable value	1,660	-

Inventories of mining supplies are recognised as non-current in the current period to reflect the period in which they will be utilised.

NOTE 9: BORROWINGS

	30 June 2014 \$'000	Restated 31 December 2013 \$'000
Current		
Lease liabilities ¹	202	786
Loans-secured ²	3,662	1,774
Convertible Notes ³	31,595	32,997
	35,459	35,557
Non-current		
Lease liabilities ¹	-	4
Loans-secured ²	-	1,778
	-	1,782

- Lease liabilities are effectively secured as rights to the leased assets revert to the lessor in the event of default.
- At reporting date, the Group had drawn down \$3.8 million (\$3.7 million net of borrowing costs) of two loan facilities provided by Asipac. Interest is payable half yearly on the facility and is fixed at a base rate of 7%.
- Asipac Capital Pty Limited (Asipac) holds US\$15,05 million (A\$16.0 million) in five year unlisted convertible redeemable notes issued by the Group with a maturity date of 30 July 2014, after an agreement was reached on 3 June 2014 to extend the maturity date. The notes are convertible to ordinary equity on certain terms.

An institutional investor holds \$5 million in five year unlisted convertible notes issued by the Group with a maturity date of 31 July 2014.

Refer note 16 for subsequent events in relation to the above notes.

Transaminvest S.A hold US\$10.0 million (A\$10.6 million) in 5 year unlisted convertible redeemable notes issued by the Company with a maturity date of 23 September 2014. The notes may be converted to ordinary shares at the discretion of the Company.

Full details of the convertible notes are listed in the 2013 Annual Report. There have been no material changes to the above facilities since the 2013 Annual Report other than those listed above.

NOTE 10: FAIR VALUE OF ASSETS AND LIABILITIES

The fair values of the financial assets and liabilities of the Group are equal to the carrying amount in the financial report. In the case of loans and borrowings it is considered that the variable rate debt and associated credit margin is in line with current market rates and therefore is carried in the interim financial report at fair value.

Condensed Notes*to the Consolidated Interim Financial Statements for the half-year ended 30 June 2014 (continued)***NOTE 11: ISSUED CAPITAL****Table of issued capital for the half year ended 30 June 2014:**

Type of Share Issue	Number of ordinary shares on issue	Share capital \$'000
Opening Balance - 1 January 2014	1,245,051,770	159,796
Share placement ¹	3,581,480	140
Shares issued in lieu of interest ²	13,830,327	507
Closing Balance - 30 June 2014	1,262,463,577	160,443
Share issue costs		-
Issued Capital		160,443

Table of issued capital for the year ended 31 December 2013:

Type of Share Issue	Number of ordinary shares on issue	Share capital \$'000
Opening Balance - 1 January 2013	718,881,339	143,699
Share placement	91,975,980	2,160
Shares issued in lieu of interest	31,510,528	654
Rights issue	402,683,923	14,094
Closing Balance - 31 December 2013	1,245,051,770	160,607
Share issue costs		(811)
Issued Capital		159,796

1. During the period the Company issued 3,581,480 shares to directors with a total fair value of \$140,000, pursuant to a resolution at the most recent Annual General Meeting.
2. The Company issued 13,830,327 shares to Asipac Group Pty Ltd with a total fair value of \$507,200 in satisfaction of interest due on Convertible Notes and Loan Facilities.

Condensed Notes

to the Consolidated Interim Financial Statements for the half-year ended 30 June 2014 (continued)

NOTE 12: SEGMENT REPORTING

For management purposes, the Group is organised into business units based on geography and has two reportable operating segments:

- Australia – Developing zinc, lead and gold deposits.
- Northern Africa – Developing a zinc and lead deposit.

No operating segments have been aggregated to form the above reportable operating segments.

	Australia		Northern Africa		Consolidated	
	2014 \$'000	Restated 2013 \$'000	2014 \$'000	Restated 2013 \$000	2014 \$'000	Restated 2013 \$000
Revenue						
External Customers	17	28,497	-	-	17	28,497
Total Revenue	17	28,497	-	-	17	28,497
Results						
Depreciation and amortisation	(44)	(7,448)	-	-	(44)	(7,448)
Write back of impairment losses	-	5,565	-	-	-	5,565
Loss before income tax	(2,080)	(5,810)	(482)	(502)	(2,562)	(6,312)
Operating assets	19,425	24,468	41,918	43,569	61,343	68,037
Other disclosures						
Capital expenditure ¹	1,554	954	-	-	1,554	954

1. Capital expenditure consists of additions of property, plant and equipment, mine properties and development and exploration and evaluation assets.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Group's income taxes are managed on a Group basis and are not allocated to operating segments.

There are no transactions other than cash funding between reportable segments.

NOTE 13: EARNINGS PER SHARE

(a) Basic earnings per share

	30 June 2014 \$'000	Restated 30 June 2013 \$'000
Loss for the period after tax	(2,562)	(6,312)
Non-controlling interest	135	155
Net loss for the half year	(2,427)	(6,157)
Issued ordinary shares	1,262,463,577	789,182,128
Weighted average number of ordinary shares	1,247,649,111	776,243,422
Basic loss per share (cents) attributable to members	(0.19)	(0.79)

(b) Diluted earnings per share

The calculation of diluted earnings per share does not include potential ordinary shares on issue as to do so would have the effect of reducing the amount of the loss per share.

NOTE 14: CONTINGENCIES & COMMITMENTS

No contingent assets or liabilities exist at the reporting date.

(a) Capital expenditure commitments

The Company had no capital expenditure commitments contracted for at the reporting date.

Condensed Notes*to the Consolidated Interim Financial Statements for the half-year ended 30 June 2014 (continued)***(b) Finance leases**

Commitments in relation to hire purchases for mining equipment are:

	30 June 2014 \$'000	31 December 2013 \$'000
Within 1 year	208	803
Longer than 1 year and not longer than 5 years	-	5
Minimum lease payments	208	808
Less: Future Finance Charges	6	18
Total lease liabilities	202	790
Representing:		
Current	202	786
Non-Current	-	4
	202	790

The interest rate implicit in the various leases vary from 6.7% to 11%.

NOTE 15: RELATED PARTY TRANSACTIONS

The following table provides the total amount of loans from related parties:

Associate		Interest accrued \$'000	Loans owed to related parties \$'000	Fair value of shares issued \$000
Asipac	2014	106	19,777	507
	2013	334	20,619	-
M. Kennedy	2014			35
K. McGuinness	2014			35
A. Siciliano	2014			35
F. Sheng	2014			35

Asipac together with Wanshe Holdings Pty Ltd owns 44.35% of the ordinary shares in Terramin (2013: 43.8%). Mr Sheng is a Director and Mr Siciliano is Chief Finance Officer of Asipac.

Shares issued to Asipac during the period were in respect of interest payable on convertible notes and loans.

The Company issued 3,581,480 shares to Directors with a total fair value of \$140,000 pursuant to a resolution at the most recent Annual General Meeting.

There were no further significant loans or related party transactions between key management personnel and the Company and its subsidiaries during or in existence at the end of the interim period, other than remuneration arrangements which remain in place and are consistent with those disclosed in the 2013 Annual Report.

NOTE 16: EVENTS OCCURRING AFTER THE REPORTING PERIOD

On the 24th of July 2014 it was announced that an agreement had been reached with Asipac Group Pty Ltd and a new institutional investor to restructure and refinance the existing US\$15.05 million and A\$5.00 million convertible notes which are due for repayment on 30 July 2014 and 31 July 2014 respectively.

Terramin and Asipac have agreed to refinance the maturing Asipac convertible notes with a new A\$16.24 million convertible note which has a term of two years. This issue of convertible notes will be subject to approval of shareholders at an Extraordinary General Meeting (EGM) scheduled for 17 September 2014. The convertible notes will be convertible at the subscriber's option into Terramin shares at A\$0.065. The convertible note will be subject to a fixed interest rate where the interest will be paid in cash or Terramin shares (subject to shareholder approval at the EGM). All other terms of the convertible notes will reflect those that currently apply to the Asipac Convertible Notes.

Terramin and a new institutional investor have agreed to refinance the maturing institutional convertible notes with a new A\$5.50 million convertible note which has a term of two years.

The convertible notes will be convertible at the subscriber's option into Terramin shares at A\$0.065 per share. The convertible notes will be subject to a fixed interest rate where the interest will be paid in cash or Terramin shares. The convertible notes were drawn down in late July. The convertible notes to the new institutional investor have been issued under Terramin's existing 15% placement capacity under ASX Listing Rules. However, Terramin will be seeking ratification of the issue of these convertible notes at the EGM.

On the 29th of July 2014, the Company announced that it has entered into an agreement with Asipac Group to increase the existing debt facility from \$1.8 million to \$2.8 million. The additional \$1 million loan will be used to progress the Bird-in-Hand project and as working capital.

Subsequently on the 30th of July 2014, the Company announced that it has agreed to a placement of 23,529,412 shares at 4.25 cents per share to the Asipac Group to raise \$1 million (subject to shareholder approval). The funds will be partially applied to the outstanding loan balance with the Asipac Group (\$2.8 million) to enable Terramin to redraw from this revolving facility as and when additional funding is required.

The Company has agreed to pay Asipac \$0.75 million in restructure fees (\$0.75 million in shares to be issued subject to shareholder approval at the EGM) for the restructure of the US\$15.05 million and \$0.3 million in arrangement fee regarding the placement of the \$5.5 million in convertible notes.

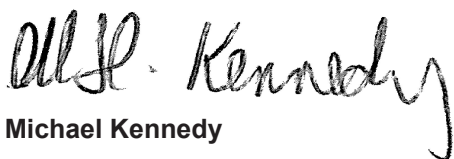
In the Directors' opinion, no further events or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company or the Group, the results of those operations or the state of affairs of the Group in future financial years that have not been otherwise disclosed in this report.

Director's Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 18:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the economic entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in Adelaide the 29th day of August 2014 in accordance with a resolution of the Board of Directors.



Michael Kennedy
Chairman



Kevin McGuinness
Director



Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TERRAMIN AUSTRALIA LIMITED

We have reviewed the accompanying half-year financial report of Terramin Australia Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Terramin Australia Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including, giving a true and fair view of the Terramin Australia Limited consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Independent Review Report to the Members of Terramin Australia Limited (continued)

As the auditor of Terramin Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Terramin Australia Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualification to the conclusion expressed above, we draw attention to Note 2(d) to the half-year financial statements. The half-year financial statements indicate that the consolidated entity incurred a net loss of \$2.6 million for the half-year ended 30 June 2014 bringing accumulated losses to \$161 million. As at 30 June 2014 the consolidated entity's current liabilities exceeded its current assets by \$36.2 million and had operating cash outflows during the period of \$2.4 million.

As outlined in Note 2(d) current liabilities at 30 June 2014 include convertible notes of \$16.0 million, \$5.0 million and \$10.6 million with maturity dates of 30 July 2014, 31 July 2014 and 23 September 2014 respectively. Subsequent to the reporting date, the Company has restructured its convertible note obligations, with the Asipac convertible note of \$16.0 million renewed for a term of two years. A new institutional investor has agreed to refinance the maturing \$5.0 million convertible note with a new \$5.5 million convertible note which has a term of two years from 31 July 2014.

Independent Review Report to the Members of Terramin Australia Limited (continued)

The financial report has been prepared on a going concern basis on the expectation that the consolidated entity can raise additional equity and / or restructure debt when required. The consolidated entity's ability to raise equity will rely on investor confidence in the development of the Bird-in-Hand project or that the \$41.7 million investment in the Oued Amizour Zinc project can be realised through mining or sale. The realisation of the investment in the Oued Amizour Zinc project is dependent on agreement being reached with respect to the Definitive Feasibility Study.

These conditions, as set out in Note 2(d), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the half-year financial report.

A handwritten signature in blue ink that reads "Grant Thornton, J L Humphrey".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink that reads "J L Humphrey".

J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 August 2014



Level 3
70 Hindmarsh Square
Adelaide, 5000
South Australia
t: +61 8 8213 1415
f: +61 8 8213 1416
e: info@terramin.com.au
w: www.terramin.com.au

TERRAMIN AUSTRALIA LIMITED