

TERRAMIN AUSTRALIA LIMITED
EXTRAORDINARY GENERAL MEETING
CHAIRMAN'S ADDRESS
17 September 2014

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 would like to introduce the Board of Terramin and senior management of the Company here today.

- Mr Kevin McGuinness who is an independent non-executive director;
- Mr Feng Sheng, who is a principal of the Company's major shareholder and debt holder, the Asipac group of companies (Asipac);
- Mr Angelo Siciliano who is a representative of Asipac.

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 like to pass on the apologies of Mr Xie who has not able to travel to Australia for this EGM due to other commitments. Mr Xie represents China Non Ferrous Metals Industry's Engineering & Construction Co Ltd (NFC) on the Board of Terramin.

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

- First, I will provide a short address providing an update on the Company's key projects;
- Then shareholders will have the opportunity to ask questions about my address or any of the Company's projects and undertakings
- 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.

The resolutions that shareholders will consider today are related to a series of transactions which provide a strong basis for our future funding and facilitate the restructuring of Terramin's existing debt on a sustainable basis.

Asipac have continued to provide its support in the development of the Company projects and restructure of its finances, most notably by agreeing to restructure its US\$15m convertibles notes which matured in June 2014 (then extended to September 2014) into an Australian dollar denominated convertible notes for a 2 year term. Shareholder's approval for this issue of securities will be sought in the second resolution. In addition, Asipac have been instrumental in introducing a new investor to restructure the \$5m convertibles notes which matured in July 2014. These notes have been issued to New Asia Wealth Investment Holding (SG) Pte Ltd and the board will seek ratification of this issue by shareholders in the first resolution.

Regarding the US\$10m convertible notes held by Transaminvest which are due this month, the parties are currently in discussion to find an outcome that is mutually satisfactory. The parties are likely to extend the term of these notes in the short term to allow the discussions to continue.

Importantly, these transactions allow us to look more confidently towards progressing our two key projects, Tala Hamza and Bird-in-Hand.

As indicated in earlier statements, for our Tala Hamza zinc project in Algeria, we have re-established a cooperative relationship with our Algerian partners. In particular, we have addressed the issues raised by our Algerian partners in relation to the mining method, and various other concerns. A study undertaken by NFC has identified an alternative mining method for the Tala Hamza orebody, and they have prepared a revised feasibility study on the basis of that method.

That study has now been completed, and we are undergoing the final review and translation in French in preparation for submission to our Algerian partners. We expect to submit this work by the end of the month and discuss the findings and outstanding issues with our Algerian partners in the following weeks.

A number of positive developments have occurred in the past months, all of which lead the Board to be confident that the project will be developed on an agreed basis with our Algerian partner. Specifically, the Algerian Government has re-written the national mining code, and it is very strongly supportive of new, modern mining ventures. For our part, we have been able to interpret and respond to the issues highlighted by the Algerian party. This social contract with the local people who will be directly affected by the new venture is critical, especially when it involves foreign involvement into a very established & traditional social milieu.

Algeria remains a competitive location for a mining operation with excellent infrastructure, low energy costs and educated workforce. The recent decrease in pricing pressure regarding construction and mining engineering should result in a competitive outcome for the construction of the Tala Hamza mine.

In addition, of course, the outlook for the zinc price is now much more buoyant. Already, the zinc price has recovered from its sub-\$2000/mt from last year, and is now pushing upwards towards US\$2500/mt. In fact, some authoritative industry analysts are forecasting prices above \$3000/mt over

the next few years. This reflects closure of several major existing mines, and the absence of new mine projects in the pipeline. Tala Hamza is one of the few significant new zinc mine projects at the take-off point.

At our Bird-in-Hand gold project, work is continuing on the technical and environmental studies. We have just completed the major component of the hydrological studies. We are continuing our discussions with local residents and other regional organisations who have an interest in the project. We will continue this close engagement throughout all of the stages of the project development.

We believe that we have two very strong projects at the take-off stage. We expect to have positive news especially for Tala Hamza in the near future, and that will reward the patience loyalty of our shareholders.

Thank you

Michael Kennedy
Chairman