

TERRAMIN AUSTRALIA LIMITED
ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS
29 MAY 2015

Welcome

Good morning, Ladies and Gentlemen, my name is Michael Kennedy and I am the deputy chairman of the Company and I will chair today's annual general meeting of Terramin Australia Limited. On behalf of the Board of Directors, I warmly welcome you all to the 2015 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 Feng Sheng, who is a principal of the Company's major shareholder and debt holder, the Asipac group of companies – last week, the board has appointed Mr Sheng as the Chairman of the Company.
- 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 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.

I would like to pass on the apologies of Mr Xie who because of prior 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. Mr Xie stands for re-election to the board of Terramin today.

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;
- Mr Joe Ranford, our Chief Technical Officer.

I would also like to welcome Justin Humphrey, the audit partner of Grant Thornton, the Company's

auditors.

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

- First, I will provide a short address highlighting key points for the year 2014;
- Secondly, Martin will review the operational progress of the Company for the past year and will talk about our plans for the future;
- 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 progress over the past year, the status of our assets and positive perspectives for the future, I will say a few words about the progress of the Company's projects in the rebuilding phase of the Company undertaken in the last 2 years or so.

Chairman's Address

In the last year Terramin continued on rebuilding its business and capitalised on the strong foundations laid in the previous year.

Since completing the acquisition of the Bird-in-Hand project at the end of 2013, the Company has been working hard to progress the necessary water and environmental studies required to develop the project as soon as possible. The Bird-in-Hand Project is a rare opportunity to develop a high grade gold mine where extensive infrastructure is already in place. The management of water is key in the development of the project and particularly the impact of the mine on the local groundwater resource is a concern to the local community. Our extensive hydrological studies have to date indicated that the groundwater around the mine can be managed without impacting local water users. Also the engagement of the Company with local residents, local businesses and other stakeholders has also been a focus during that period. The Company's management and employees have worked hard to build relationships in the area, explain what the project is about and share openly the information available to us as the studies progress. The Company will continue to engage with local residents and provides updates on its work as it progresses.

The work regarding the Bird-in-Hand pre-feasibility study is progressing. This pre-feasibility study is based on the premise that the Company will leverage the existing infrastructure at Angas to place the Company on a strong footing and deliver a profitable project.

Building relationships with local resident and business would not occur without the Company complying with its obligations and using best practice (where possible) to advance its projects. In this context it is pleasing to see recognition for this outstanding work. The Company recently received a Commendation (the highest award this year) in the Premier's Community Excellence Awards ceremony in April 2015. The Environmental Excellence award recognises the Company's activities

that maintain and improve environmental outcomes where these activities go beyond normal compliance and display exceptional innovation in developing and implementing programmes or processes that facilitate good environmental outcomes. In this context, I believe the Company can, as it has at Strathalbyn, operate safely, in compliance with environmental laws and whilst respecting all stakeholders.

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 renewal of the relationship between the JV partners and the progress made towards the development of the project. During last year, significant progress has been made towards the development of the project. Specifically, the parties have agreed to revise the feasibility study on the basis of an agreed mining method. The mining method was the main point of disagreement between the parties and it was critical that an agreement be reached to progress the other aspects.

After a number of positive discussions the joint venture partners were able to agree on an alternative mining method that underpinned the finalisation of a revised feasibility study. Terramin with NFC delivered that revised feasibility study to ENOF at the end of 2014. NFC's technical ability, recent involvement in mining projects in Algeria and good standing in Algeria greatly assisted in delivery of alternative solutions. The Algerian partner and the Algerian government then undertook their review which led to a recent workshop where most of the technical and economical outcomes of the study were discussed. As highlighted in yesterday's ASX announcement, the workshop discussions were very constructive and valuable for the partners. It was generally agreed that the revised feasibility study, in its current form is positive, meets the objectives and expectations of the partners. Some additional work, as proposed in the study, has been agreed to add important data before a decision to mine can be taken by the joint venture partners. The additional work relates to the hydrology, geotechnical data, mining infrastructure and tailings. This work is generally of a nature that is often performed at the mine design preparation stage. However, in certain jurisdictions, including Algeria, government organisations and regulators require that such work be performed at feasibility stage. Whilst some additional work may be required to reach a decision to mine, progress has been significant and place the Company on a strong basis to move towards a decision to mine. Some of that work will require the re-issue of the exploration licence to WMZ, the joint venture Company. WMZ, with the support of ENOF, has initiated the renewal process with the Algerian regulator.

These positive steps are being made at a time when the Algerian government very strongly reaffirmed its interest in seeing the development of mining projects in Algeria. In a context of low oil and gas prices reducing foreign reserves and revenue of the country, there is clear impetus in promoting job and value creating project as soon as possible. A conference held in November 2014 organised by the Algerian Ministry of Industry and attended by Company management at the invitation of the Ministry of Mines reaffirmed the government focus on reforms to the investment regime to attract investment in Algeria, increase growth and employment and reduce the reliance on oil and gas as a

major source of revenue. The Tala Hamza project is one of these projects that the Algerian government wants to see progressing as soon as possible.

The Company will update shareholders on the outcomes of these work plan and progress on the project.

It is especially pleasing to see the advancement of Tala Hamza in the context of an improving zinc market outlook, there is no doubt that there is a significant zinc supply shortage looming in the coming years and the price outlook is very bullish. Again Martin will talk about this further.

On the corporate side the Company is continuing to improve its balance sheet by reducing its debt. First, the convertible notes held by an institutional shareholder (\$5m) were refinanced with a new issue of \$5.5m notes to New Asia Wealth Investment Holdings Pte Ltd in mid-2014. Then the Asipac notes were restructured into a new 2 year \$16.5m convertible notes after the EGM in September 2014. Then the Transamine notes (US10m) were redeemed by an issue of US\$11m to a new investor in November 2014. In the course of the last 9 months the New Asia notes and new US notes have all been converted to shares, representing nearly A\$20 million in debt reduction. We were pleased to welcome these investors to our register. These conversion of debt into shares represent a significant vote of confidence in the Company and the upside that these investors see in the Company's projects. The Company's short term (\$5.6 million) and long term debt (A\$16.5 million) is now held by long term shareholder Asipac.

In addition I note that Asipac Group has agreed to extend the terms of its \$2.8m debt facility (which term ended this month) to the end of August 2015 until a longer term solution is agreed. The Board is confident that these notes will be dealt with appropriately in the near future.

Given Terramin's portfolio of advanced development projects, exploration has not been a strong focus for the Company in the last 12 months. However, we have been quietly working away identifying new exploration targets in the Adelaide Hills and taking advantage of other companies being forced to drop exploration ground, to pick up some highly prospective new ground in the Adelaide Hills and Gawler Craton regions. We have been very pleased with the potential of this new ground and we expect some exciting developments in the future.

Ladies and gentlemen, I sincerely believe that the Bird-in-Hand project and the significant progress at Tala Hamza and the company's exploration portfolio are significant in our effort to rebuild and expand the business of the Company. I believe that the year ahead will be one of significant developments for the Company's projects and we look forward to updating 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. I would also like to thank the board, management and employees for their continued dedication.



Michael Kennedy
29 May 2015