



## ASX Announcement

21 August 2015

### Interim Financial Accounts

Terramin Australia Limited (ASX: TZN) is pleased to provide the Company's interim financial accounts for the half-year ending 30 June 2015.

The Board notes progress has been made in a number of areas during and after that period:

- Significant progress has been made with respect to the Tala Hamza Zinc Project. Our Algerian partner, ENOF, completed its review of the revised Definitive Feasibility Study (**DFS**) delivered in 2014 on the basis of an agreed mining method. The partners generally agreed that the revised DFS, in its current form, meets the objectives and expectations of the joint venture partners and provides a strong basis to move towards a decision to mine. Some additional work, as proposed in the revised DFS, has been agreed to be completed before a decision to mine can be taken by the joint venture company, Western Mediterranean Zinc (**WMZ**).
- Terramin has prepared a work programme which was presented at the last WMZ board meeting. This work programme was generally approved by the WMZ board and, on that basis, WMZ, with the support of ENOF, has proceeded with an application to re-issue the exploration licence with the Algerian regulator. The work programme is currently under way.
- The Bird-in-Hand Gold Project is also progressing with the completion of water and environmental studies which are part of the pre-feasibility study currently under preparation. The recent acquisition of land suitable for the development of the project is also very positive and places the company in a strong position. The Board is also pleased with the continued level of interaction and engagement with community in respect of the development of the mine.
- There has been a significant restructure of the Company's debts resulting in a reduction of the overall group debt from approximately \$34 million (as at 31 December 2014) to \$8.3 million (as at 20 August 2015).

Commenting on these positive developments, Terramin CEO, Mr Martin Janes, said: "Terramin has high quality assets with real prospect of development in the short to medium term. The significant reduction of the Company's debt and the progress made by the team towards the permitting of the Company's key projects are very positive developments. Creating value from these assets remains the focus for the Board and management team. We are pleased with the ongoing support of our major shareholders and the confidence of new shareholders who recognise the significant potential of our assets".

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# TERRAMIN AUSTRALIA LIMITED

ABN 67 062 576 238

& Controlled Entities

## **INTERIM FINANCIAL REPORT** *for the half-year ended 30 June 2015*

### **Contents**

Appendix 4D	2
Directors' Report	3
Auditor's Independence Declaration	7
Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Interim Statement of Financial Position	9
Consolidated Interim Statement of Changes in Equity	10
Consolidated Interim Statement of Cash Flows	11
Condensed Notes to the Consolidated Interim Financial Statements	12
Directors' Declaration	19
Independent Review Report	20

**Appendix 4D***for the half-year ended 30 June 2015***Results for Announcement to the Market**

(All comparisons to half-year ended 30 June 2014)	\$'000	Up/Down	Movement %
Revenue from ordinary activities	-	down	(100.0)
Loss after tax from ordinary activities	(4,913)	up	91.7

**Dividend Information**

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
<b>Interim 2015 dividend per share</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Final 2014 dividend per share	Nil	Nil	Nil

**Net Tangible Assets Per Security**

	30 June 2015	30 June 2014
Net tangible assets per security	0.02	0.01

This information should be read in conjunction with the 2014 Annual Financial Report of Terramin Australia Limited and its controlled entities and any public announcements made in the period by Terramin Australia Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the Australian Securities Exchange Listing Rules.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 30 June 2015.

This report is based on the consolidated financial statements for the half-year ended 30 June 2015 of Terramin Australia Limited and its controlled entities, which have been reviewed by Grant Thornton. The Independent Auditor's Report provided by Grant Thornton is included in the consolidated financial statements for the half-year ended 30 June 2015.

## Directors' Report

### for the half-year ended 30 June 2015

Your Directors present their report on the consolidated entity comprising Terramin Australia Limited (the **Company** or **Terramin**) and its controlled entities (the **Group**) for the half-year ended 30 June 2015 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 2014 Annual Financial Report.

## BOARD OF DIRECTORS

The following persons were Directors of the Company during the whole of the half-year and up to and including the date of this report (unless stated otherwise):

Mr Feng (Bruce) Sheng	<i>Chairman - Non-Executive<sup>1</sup></i>
Mr Michael Kennedy	<i>Deputy Chairman - Non-Executive<sup>1</sup></i>
Mr Kevin McGuinness	<i>Non-Executive Director<sup>2</sup></i>
Mr Angelo Siciliano	<i>Non-Executive Director</i>
Mr Xie Yaheng	<i>Non-Executive Director</i>

- On 22 May 2015, the Board resolved to appoint Mr Sheng as Non-Executive Chairman (previously Non-Executive Director) and Mr Kennedy as Non-Executive Deputy Chairman (previously Non-Executive Chairman).
- Mr McGuinness is Chair of the Audit and Risk Committee and the Nominations and Remuneration Committee.

## REVIEW OF OPERATIONS

### Principal Activities

During the period there were no significant changes in the nature of the Group's principal activities. The Group continued to focus on the development of and exploration for base and precious metals (in particular zinc, lead and gold) and other economic mineral deposits.

The Company continued positive discussions with its Algerian partner and the Algerian Government with respect to the Tala Hamza Zinc Project, following a technical workshop conducted in May 2015 which focused on a detailed discussion of the revised Definitive Feasibility Study (**DFS**). The Company undertook a significant restructure of debt with the conversion of US\$11 million of convertible notes into shares. The Company also continued with water and environmental studies as part of the pre-feasibility study for the Bird-in-Hand Gold Project in South Australia.

### Tala Hamza Zinc Project (Terramin 65%)

The Tala Hamza 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 Tala Hamza 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 commenced a review of the 2010 DFS and completed a revised DFS in 2014 based on an agreed mining method for the Tala Hamza Zinc Project.

Terramin attended a technical workshop with its Algerian joint venture partner in May 2015 to discuss the outcomes and recommendations of the revised DFS. Subsequently Terramin, in conjunction with NFC, has developed a work plan to address the additional work required as discussed in the technical workshop in order to progress the project towards a decision to mine. With the agreement of both joint venture parties at the Board Meeting in June 2015, WMZ has initiated the renewal process of the exploration licence with the Algerian regulator for the purpose of completing the additional work.

### Bird-in-Hand Gold Project (Terramin 100% through its wholly owned subsidiary Terramin Exploration Pty Ltd)

The Bird-in-Hand Gold Project is located approximately 30km north of Terramin's existing mining and processing facilities at the Angas Zinc Mine in Strathalbyn. The project has a high grade Resource of 233,000 ounces of gold (under the 2004 Joint Ore Reserves Committee (**JORC**) code) 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 Gold Project is progressing with the continuation of base line water and environmental studies which form part of the pre-feasibility study. Visual amenity planning has also commenced, with works including tree planting on freehold land which Terramin signed a contract for purchase in late 2014 and settled on 31 July 2015.

### Adelaide Hills Exploration Project (Terramin 100% and through its wholly owned subsidiary Terramin Exploration Pty Ltd)

The Adelaide Hills project consists of twelve contiguous exploration tenements that cover 3,492km<sup>2</sup> stretching 120km between Victor Harbor and Kapunda. This project area is considered prospective for gold, copper, lead, zinc and rare earth elements.

Terramin has been awarded a South Australian Government backed Plan for Accelerating Exploration (**PACE**) drilling grant of \$45,000 to explore Terramin's 100% owned Wheal Barton copper project. Access agreements are in place with land owners and drilling approval has been received from the Department of State Development (**DSD**).

Two new applications have been lodged over the Padthaway Ridge, a belt of voluminous granitoids, felsic and mafic volcanics and mafic intrusions that is considered prospective for porphyry copper-molybdenum, copper-gold skarn and Nova Bollinger style nickel-copper mineralisation.

## Directors' Report

for the half-year ended 30 June 2015 (continued)

### Menninnie Zinc Project (Terramin 100% through its wholly owned subsidiary Menninnie Metals Pty Ltd)

Menninnie Metals entered into a joint venture agreement with Musgrave Minerals Ltd (**Musgrave**) in 2013 for the farm-in and joint venture of the Menninnie Dam Project. The farm-in joint venture agreement comprises 5 exploration licences covering a total area of 2,471km<sup>2</sup>.

During the reporting period, Musgrave undertook a review of all available data and completed drill site and track rehabilitation of the diamond drilling program completed in late 2014. This drilling focused mainly on new targets favoured by Musgrave. No significant intercepts were reported.

### Mount Ive Project (Terramin 100% through its wholly owned subsidiary Menninnie Metals Pty Ltd)

The total exploration area in the southern Gawler Ranges managed by Menninnie Metals independently from the Menninnie Zinc Project joint venture is 2,283km<sup>2</sup>. This area is highly prospective for base metals, silver and gold. The Mt Ive South tenement is just 4km north of the 20km by 6km area of silver prospects containing the Paris 20 million oz Ag Inferred Resource (5.9mt @ 110g/t Ag and 0.6% Pb).

On-going geological field investigations on the Mt Ive, Mt Ive South and Unalla tenements during the reporting period have continued to produce encouraging results. During the next six months fieldwork will commence on the Thurlga tenement and follow-up work will be done in parts of the Mt Ive, Mt Ive South, Unalla and Tanner tenements that show the most promising potential for iron oxide copper-gold and granite/porphyry-related gold mineralisation.

### 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. The site remains in compliance with all lease conditions.

## Environment

The Group (in particular the Company's Angas Zinc Mine and the Bird-in-Hand Gold Project) 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 and Risk Committee.

No environmental incidents were recorded during the period with all environmental monitoring areas directly related to site activities 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 non-compliance, with any applicable environmental legislation or other regulations.

## Corporate

In February 2015, Rainbow Dream Worldwide Corp (**Rainbow Dream**) converted its US\$11 million convertible notes into shares. As a consequence, the Company issued 111,083,558 shares to Rainbow Dream in satisfaction of the convertible notes and associated interest payable. A total of 10,779,400 shares were issued to Asipac Group Pty Ltd (**Asipac**) during the period for the satisfaction of interest due on outstanding convertible notes and loan facilities.

There were no unlisted options over fully paid ordinary shares in the capital of the Company exercised during the period. No options were cancelled during the period, while 1 million unlisted options lapsed in January 2015.

## Directors' Report

for the half-year ended 30 June 2015 (continued)

### GROUP TENEMENT LISTING

Title Name and Location	Licence Number	Licence Area	Terramin Australia Limited Interest	Minimum Expenditure Commitment
Angas – South Australia	ML 6229	87.97ha	100%	Not applicable
Bremer – South Australia	EL 4936	387 km <sup>2</sup>	100%	\$2,900,000 <sup>1</sup>
Currency Creek – South Australia	EL 5356	80 km <sup>2</sup>	100%	Amalgamated with EL 4936
Hartley – South Australia	EL 5078	76 km <sup>2</sup>	100%	Amalgamated with EL 4936
Kinchina – South Australia	EL 5252	56 km <sup>2</sup>	100%	Amalgamated with EL 4936
Langhorne Creek – South Australia	EL 4466	233 km <sup>2</sup>	100%	Amalgamated with EL 4936
Pfeiffer – South Australia	EL 5102	154 km <sup>2</sup>	100%	Amalgamated with EL 4936
Tepko – South Australia	EL 5339	998 km <sup>2</sup>	100%	Amalgamated with EL 4936
Cambrai – South Australia	EL 5662	89 km <sup>2</sup>	100%	\$80,000 over 2 years
Wild Horse – South Australia <sup>2</sup>	ELA2015/00094	462 km <sup>2</sup>	100%	\$180,000 over 2 years
<b>Western Mediterranean Zinc Spa Interest</b>				
Oued Amizour – Algeria <sup>3</sup>	5225PE	12,276 ha	100%	Not applicable
<b>Terramin Exploration Pty Ltd Interest</b>				
Kapunda – South Australia	EL 5262	624 km <sup>2</sup>	100%	Amalgamated with EL 4936
Lobethal – South Australia	EL 5469	221 km <sup>2</sup>	100%	Amalgamated with EL 4936
Mount Barker – South Australia	EL 5214	118 km <sup>2</sup>	100%	Amalgamated with EL 4936
Mount Pleasant – South Australia	EL 4712	452 km <sup>2</sup>	100%	Amalgamated with EL 4936
Mount Torrens – South Australia	EL 5568	93 km <sup>2</sup>	100%	Amalgamated with EL 4936
<b>Menninnie Metals Pty Ltd Interest</b>				
Menninnie – South Australia	EL 5039	101 km <sup>2</sup>	100%	\$750,000 <sup>4</sup>
Kolendo – South Australia	EL 5453	208 km <sup>2</sup>	100%	Amalgamated with EL 5039
Nonning – South Australia	EL 4813	312 km <sup>2</sup>	100%	Amalgamated with EL 5039
Taringa – South Australia	EL 4669	988 km <sup>2</sup>	100%	Amalgamated with EL 5039
Wipipippee – South Australia	EL 4865	862 km <sup>2</sup>	100%	Amalgamated with EL 5039
Mt Ive – South Australia	EL 5276	429 km <sup>2</sup>	100%	\$150,000 over 2 years
Mt Ive South – South Australia	EL 5430	394 km <sup>2</sup>	100%	\$180,000 over 2 years
Tanner – South Australia	EL 5458	354 km <sup>2</sup>	100%	\$210,000 over 2 years
Thurlga – South Australia	EL 5518	951 km <sup>2</sup>	100%	\$300,000 over 2 years
Unalla – South Australia	EL 5266	155 km <sup>2</sup>	100%	\$90,000 over 2 years

1. Amalgamated Expenditure Arrangement (AEA) for the period 1 July 2014 to 30 June 2016.
2. Terramin submitted an application for this licence on 8 May 2015. No offer has been received as yet.
3. The application for renewal of the Oued Amizour exploration licence which expired on 26 August 2011 is to be assessed by Agence Nationale des Activités Minières (ANAM), the Algerian regulator. Following the Board Meeting in June 2015, WMZ has initiated the renewal process of the exploration licence. 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 licence.
4. AEA for the period 1 July 2014 to 31 December 2015.

## Directors' Report

for the half-year ended 30 June 2015 (continued)

### FINANCIAL

The consolidated loss of the Group after providing for income tax and non-controlling interest was \$4.9 million for the half-year ended 30 June 2015 (2014: \$2.6 million).

Finance costs of \$3.3 million were recorded for the period, representing borrowing costs relating to the restructure of convertible notes, foreign exchange movement on convertible notes and interest on convertible notes and borrowings. Exploration expenditure written off in relation to the Tala Hamza Zinc Project was \$0.4 million for the half-year ended 30 June 2015 (2014: \$0.5 million).

The consolidated net asset position as at 30 June 2015 was \$33.4 million (2014: \$23.9 million) with current liabilities exceeding current assets by \$7.8 million (2014: \$4.5 million).

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

### SUBSEQUENT EVENTS

On 14 July 2015, Asipac converted its \$16.24 million convertible notes along with the interest payable of \$0.33 million on the notes into ordinary shares. As a consequence, the Company issued 249,825,703 shares to Asipac pursuant to the terms and conditions of the notes.

On 20 July 2015, the Company entered into an agreement with Musgrave for the termination of the Menninnie Dam farm-in and joint venture agreement. The termination of the agreement will result in Terramin retaining 100% of the Menninnie Dam Project, in exchange for a Net Smelter Royalty (NSR) of 1% payable to Musgrave on selected exploration licences.

On 29 July 2015, the Company entered into an agreement with Asipac to provide a \$1.5 million short term unsecured facility which has subsequently been rolled into the existing \$2.8 million facility, increasing the facility to \$4.3 million. The term of this facility has also been extended to 30 September 2015, while the parties finalise the terms of long-term debt refinancing. The additional \$1.5 million loan was used to settle the land purchase in the Woodside area on 31 July 2015, which will allow the Group to advance the Bird-in-Hand Gold Project.

In the Directors' opinion, no other events or circumstances have arisen since the end of the half-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 half-year ended 30 June 2015 can be found on page 7 and forms part of the Directors' Report.

### ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission (ASIC), relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Signed in Adelaide on the 20<sup>th</sup> day of August 2015 in accordance with a resolution of the Board of Directors.



Feng Sheng

Chairman - Non-Executive



Kevin McGuinness

Non-Executive Director

## Auditor's Independence Declaration



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### **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 2015, 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, 20 August 2015

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## Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Revenue		-	17
Other income		-	-
Raw materials, consumables and other direct costs		(308)	(587)
Employee expenses		(577)	(439)
Depreciation and amortisation	6	(17)	(44)
Exploration and evaluation expensed (Tala Hamza Zinc Project)		(402)	(482)
Loss on disposal of plant and equipment		-	(1,087)
Other expenses		(321)	(487)
<b>Loss before net financing costs and income tax</b>		<b>(1,625)</b>	<b>(3,109)</b>
Finance income	5	5	1,477
Finance costs	5	(3,293)	(930)
<b>Net finance costs</b>		<b>(3,288)</b>	<b>547</b>
<b>Loss before income tax</b>		<b>(4,913)</b>	<b>(2,562)</b>
Income tax benefit		-	-
<b>Loss for the period</b>		<b>(4,913)</b>	<b>(2,562)</b>
Attributable to:			
Owners of the Company		(4,772)	(2,427)
Non-controlling interest		(141)	(135)
<b>Loss for the period</b>		<b>(4,913)</b>	<b>(2,562)</b>
<b>Other comprehensive (loss)/income</b>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(1,098)	(1,590)
<b>Other comprehensive (loss)/income for the period, net of income tax</b>		<b>(1,098)</b>	<b>(1,590)</b>
<b>Total comprehensive (loss) for the period attributable to equity holders of the Company</b>		<b>(6,011)</b>	<b>(4,152)</b>
Attributable to:			
Owners of the Company		(5,849)	(3,460)
Non-controlling interest		(162)	(692)
<b>Total comprehensive loss for the period</b>		<b>(6,011)</b>	<b>(4,152)</b>
<b>(Loss) per share attributable to the ordinary equity holders of the Company:</b>	Note	<b>2015</b>	<b>2014</b>
Basic (loss) per share - (cents per share)	13 (a)	(0.32)	(0.19)
Diluted (loss) per share - (cents per share)	13 (b)	(0.32)	(0.19)

The consolidated interim 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 2015*

	Note	2015 \$'000	2014 \$'000
<b>Assets</b>			
Cash and cash equivalents		325	943
Trade and other receivables		70	128
Other assets		145	71
<b>Total current assets</b>		<b>540</b>	1,142
<b>Non-current assets</b>			
Inventories	8	1,228	1,233
Property, plant and equipment	6	7,154	7,153
Exploration and evaluation	7	53,110	53,382
<b>Total non-current assets</b>		<b>61,492</b>	61,768
<b>TOTAL ASSETS</b>		<b>62,032</b>	62,910
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,695	1,615
Short term borrowings	9	6,384	3,629
Provisions	10	228	358
<b>Total current liabilities</b>		<b>8,307</b>	5,602
<b>Non-current liabilities</b>			
Long term borrowings	9	14,568	27,749
Provisions	10	5,749	5,658
<b>Total non-current liabilities</b>		<b>20,317</b>	33,407
<b>TOTAL LIABILITIES</b>		<b>28,624</b>	39,009
<b>NET ASSETS</b>		<b>33,408</b>	23,901
<b>EQUITY</b>			
Share capital	12	184,346	168,828
Reserves		5,509	6,586
Accumulated losses		(170,953)	(166,181)
<b>Total equity attributable to equity holders of the Company</b>		<b>18,902</b>	9,233
Non-controlling interest		14,506	14,668
<b>TOTAL EQUITY</b>		<b>33,408</b>	23,901

The consolidated interim 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 2015

2015	Share capital \$'000	Share option reserve \$'000	Translation reserve \$'000	Other components of equity \$'000	Accumulated losses \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
<b>Balance at 1 January 2015</b>	<b>168,828</b>	<b>8,970</b>	<b>(3,977)</b>	<b>1,593</b>	<b>(166,181)</b>	<b>9,233</b>	<b>14,668</b>	<b>23,901</b>
<b>Total comprehensive (loss)/income for the period</b>								
Loss for the period	-	-	-	-	(4,772)	(4,772)	(141)	(4,913)
<b>Other comprehensive (loss)/income</b>								
Foreign currency translation differences	-	-	(1,077)	-	-	(1,077)	(21)	(1,098)
Total other comprehensive (loss)/income	-	-	(1,077)	-	-	(1,077)	(21)	(1,098)
Total comprehensive (loss)/income for the period	-	-	(1,077)	-	(4,772)	(5,849)	(162)	(6,011)
<b>Transactions with owners, recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Issue of ordinary shares	15,518	-	-	-	-	15,518	-	15,518
Total contributions by and distributions to owners	15,518	-	-	-	-	15,518	-	15,518
<b>Balance at 30 June 2015</b>	<b>184,346</b>	<b>8,970</b>	<b>(5,054)</b>	<b>1,593</b>	<b>(170,953)</b>	<b>18,902</b>	<b>14,506</b>	<b>33,408</b>

2014	Share capital \$'000	Share option reserve \$'000	Translation reserve \$'000	Other components of equity \$'000	Accumulated losses \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
<b>Balance at 1 January 2014 (restated)</b>	<b>159,796</b>	<b>8,966</b>	<b>(3,346)</b>	<b>-</b>	<b>(158,709)</b>	<b>6,707</b>	<b>15,288</b>	<b>21,995</b>
<b>Total comprehensive (loss)/income for the period</b>								
Loss for the period	-	-	-	-	(2,427)	(2,427)	(135)	(2,562)
<b>Other comprehensive (loss)/income</b>								
Foreign currency translation differences	-	-	(1,033)	-	-	(1,033)	(557)	(1,590)
Total other comprehensive (loss)/income	-	-	(1,033)	-	-	(1,033)	(557)	(1,590)
Total comprehensive (loss)/income for the period	-	-	(1,033)	-	(2,427)	(3,460)	(692)	(4,152)
<b>Transactions with owners, recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Issue of ordinary shares	647	-	-	-	-	647	-	647
Total contributions by and distributions to owners	647	-	-	-	-	647	-	647
<b>Balance at 30 June 2014</b>	<b>160,443</b>	<b>8,966</b>	<b>(4,379)</b>	<b>-</b>	<b>(161,136)</b>	<b>3,894</b>	<b>14,596</b>	<b>18,490</b>

The consolidated interim 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 2015

	2015 \$'000	2014 \$'000
<b>Cash from operating activities:</b>		
Receipts from customers	-	1,054
Payments to suppliers and employees	(1,771)	(2,945)
Financing costs and interest paid	(141)	(498)
Interest received	3	32
<b>Total cash (used in) operating activities</b>	<b>(1,909)</b>	<b>(2,357)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from the sale of fixed assets	-	582
Acquisition of property, plant and equipment	(29)	(39)
Exploration and evaluation expenditure	(819)	(1,418)
<b>Net cash (used in) investing activities</b>	<b>(848)</b>	<b>(875)</b>
<b>Cash flows from financing activities:</b>		
Payment of transaction costs on debt and/or equity	(66)	-
Proceeds from borrowings	2,270	213
Repayment of borrowings	(67)	(801)
<b>Net cash from financing activities</b>	<b>2,137</b>	<b>(588)</b>
<b>Other activities:</b>		
Net (decrease) in cash and cash equivalents	(620)	(3,820)
Net foreign exchange differences	2	(30)
Cash and cash equivalents at beginning of the period	943	4,799
<b>Cash and cash equivalents at end of the period</b>	<b>325</b>	<b>949</b>

The consolidated interim 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 2015

### 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 half-year ended 30 June 2015, covers the consolidated 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 20<sup>th</sup> of August 2015.

#### (b) Reporting Basis

The consolidated 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 2014, 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, except for plant and equipment and derivative financial instruments measured at fair value and the provision for mine rehabilitation measured at the present value of future cash flows.

#### (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 2014.

#### (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 2015 interim period, the Group incurred a loss of \$4.9 million, bringing accumulated losses to \$170.9 million. As at 30 June 2015, the Group's current liabilities exceeded its current assets by \$7.8 million and had operating cash outflows during the interim period of \$1.9 million.

Subsequent to the reporting date, \$16.24 million of Asipac convertible notes were converted to ordinary equity of the Company, however as outlined in note 9 to the interim financial statements, current liabilities at 30 June 2015 include two loan facilities from Asipac at \$2.8 million and \$3.5 million, which both fall due on 30 September 2015 (refer to note 16 events occurring after the reporting period).

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 Gold Project or that the \$41.7 million investment in the Tala Hamza Zinc Project can be realised through mining or sale.

The Directors note that the matters outlined above indicate material uncertainty, which may cast significant doubt on the ability of the Group to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. At the date of this report, the Directors believe 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. Subject to market conditions the Directors believe there are reasonable grounds to conclude that the Company will be able to raise funds by way of equity, debt financing or sale of assets to fund anticipated activities and meet financial obligations. For the reasons outlined above, the Board has prepared the financial report on a going concern basis.

### 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 2014.

## Condensed Notes to the Consolidated Interim Financial Statements for the half-year ended 30 June 2015 (continued)

### NOTE 4: SEGMENT REPORTING

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

- Australia – explores, develops and mines 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Revenue</b>						
External customers	-	17	-	-	-	17
<b>Total revenue</b>	-	17	-	-	-	17
<b>Results</b>						
Depreciation and amortisation	(17)	(44)	-	-	(17)	(44)
Exploration and evaluation write down	-	-	(402)	(482)	(402)	(482)
<b>(Loss) before income tax</b>	<b>(4,511)</b>	(2,080)	<b>(402)</b>	(482)	<b>(4,913)</b>	(2,562)
<b>Operating assets</b>	<b>20,115</b>	19,979	<b>41,917</b>	42,931	<b>62,032</b>	62,910
<b>Operating liabilities</b>	<b>28,565</b>	38,965	<b>59</b>	44	<b>28,624</b>	39,009
<b>Other disclosures</b>						
Capital expenditure <sup>1</sup>	848	2,613	-	-	848	2,613

1. Capital expenditure consists of additions of property, plant and equipment and exploration and evaluation assets. There are no transactions other than cash funding between reportable segments.

### NOTE 5: OTHER INCOME & EXPENSES

	2015 \$'000	2014 \$'000
<b>Finance income</b>		
Interest income	3	24
Unrealised foreign exchange gain on convertible notes <sup>1</sup>	-	1,403
Realised foreign exchange and commodity hedging gains	2	50
<b>Total finance income</b>	<b>5</b>	1,477
<b>Finance costs</b>		
Interest on convertible notes	(705)	(450)
Interest on borrowings	(186)	(149)
Unwinding of discount on mine rehabilitation provision	(84)	-
Other borrowing costs	(1,363)	(256)
Unrealised foreign exchange and commodity hedging losses	(955)	(45)
Realised foreign exchange and commodity hedging losses	-	(30)
<b>Total finance costs</b>	<b>(3,293)</b>	(930)

1. At 30 June 2015, the Company had no USD denominated convertible notes on issue (30 June 2014: \$25.05 million).

## Condensed Notes to the Consolidated Interim Financial Statements for the half-year ended 30 June 2015 (continued)

### NOTE 6: EXPLORATION AND EVALUATION ASSETS / PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Buildings and other infrastructure \$'000	Plant and equipment \$'000	Construction in progress \$'000	Sub-total \$'000	Exploration and evaluation \$'000
Opening carrying amount 1 January 2015	2,844	10	4,290	9	7,153	53,382
Additions	-	-	-	29	29	1,220
Disposals	-	-	-	-	-	-
Transfers	-	-	38	(38)	-	-
Exploration expensed	-	-	-	-	-	(402)
Depreciation and amortisation	-	(1)	(16)	-	(17)	-
Impairment	-	-	-	-	-	-
Foreign currency movement	-	-	(11)	-	(11)	(1,090)
<b>Carrying amount at 30 June 2015</b>	<b>2,844</b>	<b>9</b>	<b>4,301</b>	<b>-</b>	<b>7,154</b>	<b>53,110</b>

	Freehold land \$'000	Buildings and other infrastructure \$'000	Plant and equipment \$'000	Construction in progress \$'000	Sub-total \$'000	Exploration and evaluation \$'000
Opening carrying amount 1 January 2014	2,819	14	6,000	-	8,833	51,448
Additions	25	-	-	54	79	4,219
Disposals	-	-	(1,668)	-	(1,668)	-
Transfers	-	-	45	(45)	-	-
Exploration expensed	-	-	-	-	-	(1,685)
Depreciation and amortisation	-	(4)	(55)	-	(59)	-
Impairment	-	-	-	-	-	-
Foreign currency movement	-	-	(32)	-	(32)	(600)
<b>Carrying amount at 31 Dec 2014</b>	<b>2,844</b>	<b>10</b>	<b>4,290</b>	<b>9</b>	<b>7,153</b>	<b>53,382</b>

### NOTE 7: EXPLORATION AND EVALUATION ASSETS

	2015 \$'000	2014 \$'000
<b>Exploration and evaluation</b>		
At cost	57,324	57,596
Less impairment	(4,214)	(4,214)
<b>Total exploration and evaluation</b>	<b>53,110</b>	<b>53,382</b>

	2015 \$'000	2014 \$'000
<b>Exploration and evaluation assets by location</b>		
Tala Hamza Zinc Project (Terramin 65%)	41,717	42,746
Adelaide Hills Project (Terramin and Terramin Exploration Pty Ltd 100%)	1,554	1,444
Bird-in-Hand Gold Project (Terramin Exploration Pty Ltd 100%)	4,987	4,447
Menninnie Zinc Project (Menninnie Metals Pty Ltd 100%, farm-in joint venture)	4,852	4,745
<b>Total exploration and evaluation</b>	<b>53,110</b>	<b>53,382</b>

The Oued Amizour exploration license (which incorporates the Tala Hamza Zinc Project) expired on 26 August 2011. The licence is required to undertake additional drilling on the site. With the agreement of both joint venture parties at the Board Meeting in June 2015, WMZ has initiated the renewal process of the exploration licence with Agence Nationale des Activités Minières (ANAM), the Algerian regulator.

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 areas of interest.

### NOTE 8: INVENTORIES

	2015 \$'000	2014 \$'000
<b>Non-current</b>		
Raw materials and consumables	1,228	1,233
<b>Total inventories at the lower of cost and net realisable value</b>	<b>1,228</b>	<b>1,233</b>

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

## Condensed Notes to the Consolidated Interim Financial Statements

for the half-year ended 30 June 2015 (continued)

### NOTE 9: BORROWINGS

	2015 \$'000	2014 \$'000
<b>Current</b>		
Lease liabilities <sup>1</sup>	-	5
Loans - other <sup>2</sup>	126	121
Loans - secured <sup>3</sup>	6,258	3,503
<b>Total current borrowings</b>	<b>6,384</b>	3,629
<b>Non-current</b>		
Convertible notes <sup>4</sup>	14,568	27,749
<b>Total non-current borrowings</b>	<b>14,568</b>	27,749

- Lease liabilities were effectively secured as rights to the leased assets revert to the lessor in the event of default.
- The Group has an insurance premium funding arrangement with a balance of \$0.1 million at the reporting date.
- At reporting date, the Group had drawn down \$6.3 million of two loan facilities provided by Asipac. Interest is payable half yearly on the facilities and is fixed at an interest rate of 7% p.a.

Since the issue of the 2014 Annual Report and the reporting date, the \$2.8 million loan facility with Asipac was extended to \$4.3 million to facilitate the acquisition of land in Woodside.

- On 4 February 2015, Rainbow Dream converted its US\$11 million convertible notes into ordinary shares. As a consequence, the Company issued 110,000,000 shares to Rainbow Dream pursuant to the terms and conditions of the notes.

Asipac held \$16.24 million (\$14.6 million net of equity component and borrowing costs) in two year unlisted convertible notes issued by the Group with a maturity date of 7 October 2016.

Since the reporting date, Asipac converted its \$16.24 million convertible notes into ordinary shares. As a consequence, the Company issued 249,825,703 shares to Asipac pursuant to the terms and conditions of the notes. This has resulted in the extinguishment of all non-current borrowings.

Full details of the loan facilities and convertible notes are listed in the 2014 Annual Report.

### NOTE 10: PROVISIONS

	2015 \$'000	2014 \$'000
<b>Current</b>		
Employee benefits	228	216
Onerous lease	-	142
<b>Total current provisions</b>	<b>228</b>	358
<b>Non-current</b>		
Employee benefits	60	46
Mine rehabilitation	5,689	5,612
<b>Total non-current provisions</b>	<b>5,749</b>	5,658

The mine rehabilitation provision is recognised for the estimated cost of rehabilitation, decommissioning, restoration and long term monitoring of areas disturbed during operation of the Angas Zinc Mine up to reporting date but not yet rehabilitated. The provision is based upon current cost estimates with a contingency and has been determined on a discounted basis with reference to current legal requirements and technology. The provision has been calculated using a risk free discount rate of 3.0% (2014: 3.2%). The rehabilitation is expected to occur following the processing of ore from the Bird-in-Hand Gold Project (subject to regulatory approvals).

### NOTE 11: 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 2015 (continued)

### NOTE 12: ISSUED CAPITAL

Table of issued capital for the half-year ended 30 June 2015:

Type of Share Issue	Date of issue	Number of ordinary shares on issue	Issue Price \$	Share capital \$'000
<b>Opening balance 1 January 2015</b>		<b>1,404,009,037</b>		<b>168,828</b>
Conversion of convertible notes (Rainbow Dream)	04-Feb-15	110,000,000	0.13	14,367
Shares issued in lieu of interest (Rainbow Dream)	04-Feb-15	1,083,558	0.15	157
Shares issued in lieu of interest (Asipac)	03-Jun-15	1,243,984	0.06	69
Shares issued in lieu of interest (Asipac)	03-Jun-15	536,786	0.13	69
Shares issued in lieu of interest (Asipac)	03-Jun-15	901,796	0.08	72
Shares issued in lieu of interest (Asipac)	03-Jun-15	2,002,982	0.04	81
Shares issued in lieu of interest (Asipac)	03-Jun-15	1,040,608	0.07	71
Shares issued in lieu of interest (Asipac)	03-Jun-15	5,053,244	0.13	632
<b>Closing balance 30 June 2015</b>		<b>1,525,871,995</b>		<b>184,346</b>
Share issue costs				-
<b>Issued Capital</b>				<b>184,346</b>

During the period the Company issued 111,083,558 shares to Rainbow Dream with a total fair value of \$14.5 million, representing the conversion of convertible notes into shares and the associated interest payable on the convertible note facility.

The Company issued 10,779,400 shares to Asipac with a total fair value of \$1 million in satisfaction of interest due on convertible notes and loan facilities.

Table of issued capital for the year ended 31 December 2014:

Type of Share Issue	Date of issue	Number of ordinary shares on issue	Issue Price \$	Share capital \$'000
<b>Opening balance 1 January 2014</b>		<b>1,245,051,770</b>		<b>159,796</b>
Shares issued in lieu of interest (Asipac)	04-Jun-14	5,327,462	0.04	189
Shares issued in lieu of interest (Asipac)	04-Jun-14	4,904,417	0.04	188
Shares issued in lieu of interest (Asipac)	04-Jun-14	1,988,999	0.03	69
Shares issued in lieu of interest (Asipac)	04-Jun-14	1,609,449	0.04	61
Shares issued to Directors	04-Jun-14	3,581,480	0.04	140
Shares issued in lieu of restructure fee (Asipac)	19-Sep-14	13,711,152	0.05	750
Share placement to Asipac	19-Sep-14	23,529,412	0.04	1,000
Shares issued to NFC	19-Sep-14	18,000,000	0.06	1,008
Conversion of convertible notes (New Asia) <sup>1</sup>	18-Dec-14	84,615,384	0.07	5,500
Shares issued in lieu of interest (New Asia)	18-Dec-14	1,689,512	0.10	169
<b>Closing balance 31 December 2014</b>		<b>1,404,009,037</b>		<b>168,870</b>
Share issue costs				(42)
<b>Issued Capital</b>				<b>168,828</b>

1. New Asia Wealth Investment Holding (SG) Pte Ltd (**New Asia**).

## Condensed Notes to the Consolidated Interim Financial Statements

for the half-year ended 30 June 2015 (continued)

### NOTE 13: EARNINGS PER SHARE

#### (a) Basic (loss)/earnings per share

	2015 \$'000	2014 \$'000
Net (loss) for the period attributable to the equity holders of the Company	(4,772)	(2,427)
Ordinary shares on issue	1,525,871,995	1,262,463,577
Weighted average number of ordinary shares	1,495,893,602	1,247,649,111
<b>Basic (loss) per share (cents)</b>	<b>(0.32)</b>	<b>(0.19)</b>

#### (b) Diluted (loss)/earnings per share

	2015 \$'000	2014 \$'000
<b>Diluted (loss) per share (cents)</b>	<b>(0.32)</b>	<b>(0.19)</b>

The calculation of diluted loss 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 and there has been no change in contingencies from that disclosed in the 2014 Annual Report.

#### (a) Capital expenditure commitments

	2015 \$'000	2014 \$'000
Within 1 year <sup>1</sup>	1,375	1,375
<b>Total</b>	<b>1,375</b>	<b>1,375</b>

- Terramin Exploration Pty Ltd signed a contract for the purchase of land in the Woodside area in order to advance the Group's activities in relation to the Bird-in-Hand Gold Project. Settlement occurred after the reporting date on 31 July 2015.

#### (b) Finance leases

Commitments in relation to hire purchases for mining equipment are:

	2015 \$'000	2014 \$'000
Within 1 year	-	5
Longer than 1 year and not longer than 5 years	-	-
Minimum lease payments	-	5
Less: future finance charges	-	-
<b>Total lease liabilities</b>	<b>-</b>	<b>5</b>
<b>Representing:</b>		
Current	-	5
Non-current	-	-
	-	5

The interest rate implicit in the various leases varied from 6.7% to 11% p.a.

### NOTE 15: RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions that have been entered into with related parties during the half-year ended 30 June 2015 and year ended 31 December 2014:

Associate		Amounts accrued \$'000	Loans owed to related parties \$'000	Fair value of shares issued \$'000
Asipac	2015	861	22,538	995
	2014	660	20,458	1,260
M. Kennedy	2015	-	-	-
	2014	-	-	35
K. McGuinness	2015	-	-	-
	2014	-	-	35
A. Siciliano	2015	13	-	-
	2014	-	-	35
F. Sheng	2015	-	-	-
	2014	-	-	35

At 30 June 2015, Asipac owns 24.10% of the ordinary shares in Terramin (2014: 42.53%). During the reporting period, Wanshe Holdings Pty Ltd (**Wanshe**) completed a transfer of its 480,321,177 Terramin shares (31.7% of Terramin's issued capital) to its existing shareholders, split equally between Ms Wang and Mr Sheng. Mr Sheng's relevant interest is now wholly held through Asipac. Shares issued to Asipac during the period were in respect of interest payable on convertible notes and loan facilities. Mr Sheng is a Director and Mr Siciliano is Chief Financial Officer of Asipac.

At the date of lodgement of this report, Asipac holds 34.88% of the ordinary shares in Terramin, after the conversion of the convertible notes (refer to note 16 events occurring after the reporting period).

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 2014 Annual Report.

## Condensed Notes to the Consolidated Interim Financial Statements for the half-year ended 30 June 2015 (continued)

### NOTE 16: EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 14 July 2015, Asipac converted its \$16.24 million convertible notes into ordinary shares. As a consequence, the Company issued 249,825,703 fully paid ordinary shares to Asipac pursuant to the terms and conditions of the notes. In addition, the Company issued 2,706,551 shares in satisfaction of interest payable on the notes as at the conversion date.

On 20 July 2015, the Company entered into an agreement with Musgrave for the termination of the Menninnie Dam farm-in and joint venture agreement. The termination of the agreement results in Terramin retaining 100% of the Menninnie Dam Project. In consideration of Musgrave relinquishing its rights, Terramin will pay Musgrave a NSR of 1% in respect of tenements EL5039 and EL4813. Terramin will have the option to buy back 50% of the NSR (0.5%) for \$1,250,000 within 60 days of receiving product sale proceeds from these tenements.

On 29 July 2015, the Company entered into an agreement with Asipac to provide a \$1.5 million short term unsecured facility which has subsequently been rolled into the existing \$2.8 million facility, increasing the facility to \$4.3 million. The term of this facility has also been extended to 30 September 2015, while the parties finalise the terms of long-term debt refinancing. The additional \$1.5 million loan was used to settle a freehold land purchase in the Woodside area on 31 July 2015. The land is a strategic acquisition which will be utilised for the development of the Bird-in-Hand gold deposit.

In the Directors' opinion, no further events or circumstances have arisen since the end of the financial period 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.

## Directors' Declaration

The Directors of the Company declare that:

The financial statements and notes, as set out on pages 8 to 18:

- (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
- (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date.

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 on the 20<sup>th</sup> day of August 2015 in accordance with a resolution of the Board of Directors.



**Feng Sheng**

*Chairman - Non-Executive*



**Kevin McGuinness**

*Non-Executive Director*

**Independent Review Report**  
to the Members of Terramin Australia Limited



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**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 2015, 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 2015 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. 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.

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## Independent Review Report

to the Members of Terramin Australia Limited (continued)



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 2015 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 \$4.9 million for the half-year ended 30 June 2015 bringing accumulated losses to \$170.9 million. As at 30 June 2015 the consolidated entity's current liabilities exceeded its current assets by \$7.8 million and had operating cash outflows during the period of \$1.9 million.

As outlined in Note 2(d) current liabilities at 30 June 2015 included two loan facilities from Asipac of \$2.8 million and \$3.5 million, which fall due on 31 August 2015 and 30 September 2015 respectively.

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.

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



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.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink, appearing to read "J L Humphrey". The signature is written over the printed name and title.

J L Humphrey  
Partner – Audit & Assurance

Adelaide, 20 August 2015



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**TERRAMIN AUSTRALIA LIMITED**