

ASX ANNOUNCEMENT

SUCCESSFUL COMPLETION MANAGED AQUIFER RECHARGE (MAR) DRILLING AND PUMPING TESTS

Terramin Australia Limited (ASX:TZN) announces the successful completion of its Managed Aquifer Recharge (MAR) water bore drilling campaign. The MAR program is a \$1.1m trial of the water management system for the proposed re-opening of the Bird-in-Hand Mine (Project). The MAR program was undertaken at the request of the regulators (Department for Energy and Mining and Department for Environment and Water), and is an important part of the community's consideration of the project.

Highlights

The objective of the MAR drilling and pumping tests (stage 1) was to identify productive bores that could receive sufficient water for the re-injection trials envisaged later in 2018 as well as validate the groundwater modelling which indicates the aquifer is suitable for re-injection requirements expected during the mine life. Terramin is pleased to announce that preliminary drilling and pumping test results indicate that the aquifer is suitable for receiving water utilising MAR to meet operational requirements. The pumping tests have now been completed successfully and signal the completion of stage 1 of 2. Yields of over 20 L/s during drilling were encountered in both reinjection investigation bores, which is reflective of expected hydrogeological conditions. The result paves the way for a successful re-injection trial later in the year (stage 2 of 2) prior to final submission of the Mining Lease Proposal (MLP).

Two of the water bores intersected a quartz reef along strike of the historic Brind mine which was mined at 9.8g/t gold in the 1890s. Analysis of gold results from the Brind water bores include BHM001 from 45m 2m @ 1.9g/t Au and BHRIB001 from 46m, 1m @ 1.1 g/t Au. Results are only indicative due to the nature of open hole drilling and sampling method. The Brind mine lies close to the proposed decline path and information gathered will inform future exploration drill programs targeting near surface mineralisation in the area.

Commentary

"Terramin has successfully completed stage 1 of 2 of the MAR drilling and pumping tests and determined that the aquifer is suitable for water reinjection requirements expected during mine life production. This is a significant milestone in progressing the Bird-in-Hand Gold Project Mining License Application and reduces concerns initially expressed by community stakeholders and the regulator.

The Company looks forward to finalising stage 2 of the MAR program this year with a view to submitting a Mining Lease Application in 2019."

Richard Taylor

Chief Executive Officer

Background

The objective of the MAR testwork program is to establish monitoring and re-injection bores to trial the proposed MAR water management system for the Bird-in-Hand Gold Project. MAR is a proven technology, with over 40 MAR systems now operating in SA including the Salisbury Wetlands, several suburban Golf clubs and the Adelaide Botanic Gardens. The existing Angas Zinc Mine at Strathalbyn also had a MAR system successfully operating as part of the water management system. The technology is commonly utilised by golf courses and housing developments, as well as other mining projects to ensure access to irrigation, avoid localised impacts of water availability on neighbouring water users, and manage excess water.

Water ingress into the proposed mining areas will be limited primarily through the use of grouting which is expected to reduce water ingress by 90% or greater of the theoretical maximum (reduced inflows to a peak annual average of 5.1 L/s). In order to build adequate capacity into the water management system and significantly reduce uncertainty, the MAR system will be designed to manage water ingress in the event of grouting being 70% effective (reduced inflows to a peak annual average of 15.3 L/s). The water management system proposed by Terramin has been peer reviewed and contains significant levels of contingency to achieve high levels of statistical confidence in the proposed system. The required level of information is appropriate for the stage of development and approval process and will increase with the completion of the Pre-Feasibility Study and Program for Environmental Protection and Rehabilitation (PEPR) approval process.

Approvals for water related matters are the domain of the Department of Environment and Water (DEW). Terramin has retained consultants with significant experience in MAR systems and test work and expects the approval process to be equivalent to the same projects in other industries.

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Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Eric Whittaker, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Whittaker is employed as the Principal Resource Geologist of Terramin Australia Limited. Mr Whittaker has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Whittaker consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.