

ASX ANNOUNCEMENT

SEPTEMBER 2018 QUARTERLY ACTIVITIES REPORT

Q3 Highlights

Terramin Base Metals

Tala Hamza Zinc Project

- Tala Hamza Definitive Feasibility Study (DFS 2018) results announced with key highlights as follows:
 - Post-tax nominal NPV (8%) of A\$399m (US\$303m¹) and IRR 14%;
 - Long mine life with production over 21 years;
 - Reduction in pre-production and life of mine capital from original DFS in 2010;
 - Operating cost profile is competitive by world standards; and
 - Deposit remains open to the east and southeast, with potential for expansion.
- Commissioned a high level Optimisation Study for the Tala Hamza project to determine the impact of a decrease in cut-off grade and increase in mine throughput scenario. The purpose of the study is to determine whether Terramin should proceed with a multi-scenario multi-criteria optimisation review

Terramin South Australia Gold

Bird-in-Hand Gold Project and Regional Gold Exploration

- Gold strategy with aspirational target of 1moz within South Australia launched
- Investment of \$1.1m in MAR water bore drilling and test work commenced with promising initial results
- Third party review of the Bird-in-Hand Resource and reprocessing of geological data indicates potential for uplift based on reinterpretation of data
- Community consultation continued through the Woodside Community Consultative Committee

Exploration

- A number of interested parties are in a data room established to farm-out non-core tenement parcels
- Landowner negotiations continued on a number of promising gold targets outside of the Woodside area
- Actively seeking joint venture partners to progress the South Gawler IOCG potential and Menninnie Zinc-Lead project, both in South Australia
- Environmental Copper Recovery SA Pty Ltd (ECR) received \$2.9m in research funding to pursue the in-situ leach project at Kapunda. Terramin retains a minimum 25% and 1.5% NSR royalty over the project

Corporate and Environmental Performance

- The strategic review was completed. Key outcomes include: an increase in near-mine brownfield gold exploration; a corporate restructure; and cost reductions of greater than \$1m p.a.
- Refinancing and extension of Terramin's finance facilities
- Zero harm at all sites and no environmental exceedances recorded

¹ Australian dollar equivalents are based on the exchange rate of AU\$/US\$ = 0.76

TERRAMIN BASE METALS

TALA HAMZA ZINC PROJECT

100% owned by Western Mediterranean Zinc Spa (WMZ)

Terramin holds a 65% shareholding in WMZ. The remaining 35% is held by two Algerian government-owned companies: Enterprise Nationale des Produits Miniers Non-Ferreux et des Substances Utiles Spa (ENOF) (32.5%) and Office National de Recherche Géologique et Minière (ORGM) (2.5%).

Update

During the quarter, the DFS was released to the ASX. The WMZ joint venture partners have continued to provide all the required information to the Algerian regulator in the format that the regulator requires for the mining lease approval. Terramin is awaiting a formal approval from its partners for the lodgment of the mining lease. Terramin expects to be in a position to update the market on the outcome in Q4.

The revised DFS envisages a long life (21 year) project at lower processing rates and higher grades than the original DFS in 2010. Importantly, the DFS 2018 moves away from the larger scale, higher capex block cave mining method and utilises a selective mining method, Underhand Drift and Fill (UDF) that removes the surface expression of the mine and allows for underground placement of the majority of the tailings generated by the project. The change in mining method will remove the need for a tailings dam and significantly reduce the pre-production capital expenditure envisaged in the DFS 2010.

Dialogue with Algerian authorities focussed on validation of key DFS 2018 assumptions and on performance at comparable sites in China, namely Jinchuan's flagship large (10Mtpa) nickel project in Guangsu Province which exhibits similar geotechnical characteristics to Tala Hamza. A site visit to similar mining projects in China with WMZ Joint Venture partners was arranged and planned for October 2018.

Terramin continued optimisation activities during the quarter, aimed at developing expansion cases that could add additional value to the project. GO Mining was retained, based on its experience with the Tala Hamza DFS 2018, to run optimisation scenarios. The initial optimisation study for the Tala Hamza project indicates a decrease in cut-off grade and increased throughput has potential to provide significant financial uplift. All optimisation and expansion cases will require approval from Algerian regulators, supported by robust Feasibility level studies.

Expenditure on the Tala Hamza project during the quarter was \$0.3 million.

TERRAMIN SOUTH AUSTRALIA GOLD

BIRD-IN-HAND GOLD PROJECT & ANGAS PROCESSING PLANT

100% owned by Terramin and its 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 (Angas or AZM) which was operational until 2013. The project has a high grade Resource of 588,000 tonnes at 13.3g/t for 252,000 ounces of gold. It is anticipated that, subject to required regulatory approvals, the Bird-in-Hand ore 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 Bird-in-Hand tailings.

Update

Terramin's South Australia focused gold strategy was announced during the quarter. The main focus is to develop the Angas processing facility as a central processing plant for feed from Bird-in-Hand and utilise spare capacity to treat ore from other potential targets, either currently held by the Company or available for acquisition.

The Company recently commenced the MAR water bore drilling and testing program. This program consisted of drilling water bores and installing monitoring piezometers so that the Company can obtain DEW drainage permits. Stage 2 will involve re-injection test work based on the results obtained during Stage 1. This program will allow the Company to ascertain the suitability, via calibrated numerical modelling, of the aquifer for a MAR scheme. MAR schemes are a proven and effective water management and preservation technique used in many industries, including mining to return water that is pumped from the mine workings back into the aquifer.

In addition to consultation with government bodies, the Company has also continued its ongoing community consultation in line with the Company's Community Engagement Plan. This included personal interactions with landholders and meetings of the community consultative committee for the project (the Woodside Community Consultative Committee or WCCC). The WCCC met twice during the quarter to discuss and provide input regarding various aspects of the project. The WCCC has been useful in providing key information to both design and refine the outcomes that will be used to develop the detailed regulatory triggers for every environmental aspect of the project, as well as ongoing consultation regarding the construction, operation and rehabilitation of the area after mine closure.

The AZM site continued to be maintained in accordance with the DEM approved Mine Care and Maintenance Plan and is operating in compliance with its lease conditions. The Strathalbyn Community Consultation Committee and the Company met during the quarter, with the Company providing updates on the plan to use the Angas facility for the processing of Bird-in-Hand gold ore and also engagement with Canadian company Hydrostor regarding the Compressed Air Energy Storage (CAES) project.

Expenditure on the Bird-in-Hand project and Angas Zinc Mine site was \$0.8 million.

EXPLORATION

EXPLORATION PROJECTS

100% owned by Terramin and Terramin subsidiaries Terramin Exploration Pty Ltd or Menninnie Metals Pty Ltd unless otherwise disclosed as part of a joint venture arrangement

The Adelaide Hills Project consists of twelve contiguous exploration tenements that cover 3,482 km² and stretch from Lake Alexandrina to Kapunda. This project area is considered highly prospective for gold, copper, lead, zinc and rare earth elements. Terramin's South Gawler Project is located along the southern margin of the Gawler Ranges, northern Eyre Peninsula, South Australia. The Project comprises a group of seventeen Exploration Licenses totaling 8,321km².

Update

The previously announced strategic review was completed and confirmed Terramin's long term goal of identifying 1 million ounces of gold within Terramin's South Australian exploration tenements. Non-core projects were prepared for potential joint-venture / farm-outs and strong interest was received from third parties.

The Adelaide Hills has a long history of mining and was the site of Australia's first base metals mine (Glen Osmond, 1841) and first gold mine (Victoria Mine, 1846). From 1841 to 1851 virtually all of Australia's metalliferous mines were located in South Australia. Over 250 historic gold and copper mines and prospects are located on Terramin's Adelaide Hills tenements.

During the quarter, Terramin's Kapunda Project partner and in-situ recovery (ISR) specialist, ECR, received \$2.9m in Federal Government funding to develop the in situ technology further. The parties are investigating the potential to extract copper through ISR from the shallow mineralised halo around the historic Kapunda Mine workings.

Expenditure on the Adelaide Hills and Gawler Ranges tenements was \$0.1 million.

CORPORATE AND ENVIRONMENTAL PERFORMANCE

During the reporting period Terramin management instituted a corporate restructure and cost reduction exercise which delivered \$1m in annualised savings off the previous 12 month cost base. Terramin renegotiated its finance facilities with major shareholder Asipac Group Pty Ltd (Asipac). Terramin and Asipac agreed to increase the size of the facilities by \$1 million to continue to provide necessary working capital to Terramin whilst extending the facilities for another year to 31 October 2019.

Terramin also completed its strategic review of pre-production assets and exploration activities. A number of exploration programs were discontinued with resources refocused on gold opportunities within trucking distance of the Angas Zinc Mine and processing plant.

Terramin continued to pursue its safety and environmental goals during the quarter. There were no recorded safety incidents and no instances of non-compliance with relevant safety or environmental regulation or lease conditions. A noise complaint was received in relation to water bore drilling for the MAR program. The EPA was informed and, when they attended site later in the program, the drilling was compliant with noise limits.

Terramin's environmental team received an initial proposal from Global Aquatica for expanding its tailings dam water treatment trial. Global Aquatica specialises in the treatment of water and tailings by removal of metals. Terramin also received its first fees and payments from Canadian renewable energy company, Hydrostor, which plans to develop and convert the underground workings at Angas into a compressed air storage facility that can produce in the order of 10MW of power at peak times to ensure grid stability and power availability.

As at 30 September 2018, the Company's cash balance was \$0.7 million.

For further information, please contact:

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Non-Executive Director
Non-Executive Director
Executive Director
Chief Executive Officer
Chief Financial Officer and Company Secretary

CAPITAL STRUCTURE - 30 SEPTEMBER 2018

Shares on issue 1,869,478,040
Unlisted options 11,750,000

Forward Looking Statements

This announcement includes certain 'forward looking statements'. All statements, other than statements of historical fact, are forward looking statements that involve various risks and uncertainties. There can be no assurances that such statements will prove accurate, and actual results and future events could differ materially from those anticipated in such statements. Such information contained herein represents management's best judgement as of the date hereof based on information currently available. Except for statutory liability which cannot be excluded, each of Terramin, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this document and exclude all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this statement or any error or omission. The Company does not assume any obligation to update any forward-looking statement. Accordingly no person or entity should place undue reliance on any forward looking statement.

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.

The information in this report that relates to Ore Reserves is based on information compiled or reviewed by Mr Luke Neesham, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Neesham is Principal Mining Engineer for GO Mining Pty Ltd a consulting firm engaged by Terramin Australia Limited to prepare mining designs and schedules for the Tala Hamza Feasibility Study. Mr Neesham 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 Neesham consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.