



30 Apr 2019

March 2019 quarterly activities report

Q1 HIGHLIGHTS

Terramin Base Metals

Tala Hamza Zinc Project

- Whittle Consulting Strategic Assessment optimisation study finalised for Tala Hamza highlighting potential for significant lift in NPV with limited additional capex
- Negotiations with Algerian authorities in Algiers scheduled for April to advance financing discussions

Terramin South Australia Gold

Bird-in-Hand Gold Project and Regional Gold Exploration

- Managed Aquifer Recharge (MAR) trial completed with re-injection test in March 2019. Positive results support the suitability of the aquifer to receive reinjected water from the mine area
- Mining Lease Application (MLA) and Angas Miscellaneous Purpose Lease (AMPL) to be lodged before end of June 2019 marking a significant milestone for the project.
- Community consultation continued through the Strathalbyn Community Consultation Committee and the Woodside Community Consultative Committee
- Positive local media reports on Terramin's plans to expand its gold focussed exploration activity

Exploration

- Landowner negotiations continued on a number of promising gold targets outside of the Woodside area

Corporate and Environmental Performance

- Receipt of a number of unsolicited expressions of interest in Terramin's South Australian gold assets
- Interest expressed by major mining houses in joint venturing other Terramin exploration ground – negotiations continuing
- Terramin rebranding and logo change rolled out across sites
- Corporate presentations at Hong Kong Mines and Money and the South Australian Resources and Energy Investment Conference (SAREIC) in Adelaide and meetings in various capital cities
- Hydrostor announced securing A\$9m in funding for the Advanced Compressed Air Storage (ACAS) project at Angas Zinc Mine. Minister for Energy and Mines Dan Van Holst Pelicaan attended Strathalbyn for the announcement.

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, further desktop work on the optimisation of the Tala Hamza mine plan and processing schedule was undertaken. A number of iterative scenarios have been run and modelled, indicating the project benefits from increased scale, resource conversion and sequencing within the mine plan. The optimisation confirms the potential for a significant lift in NPV with limited additional capex required.

Terramin is awaiting a formal approval from its partners for the lodgment of the mining lease. Discussions have moved on from technical matters, particularly the mining method, to project financing. The most recent meetings were held on 23-24 April.

Algeria is undergoing a period of political transition, with a number of key political roles filled under caretaker arrangements. The planned date for presidential elections is 4 July 2019. It is anticipated that key project decisions will not be able to be progressed until after elections and any potential changes to ministerial or administrative arrangements are confirmed.

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.

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 650,000 tonnes at 12.6g/t for 265,000 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

The Bird-in-Hand Scoping Study envisages high grade trucking of gold bearing material from the mine site to the Angas processing facility. The project has robust financials, including results of Nominal NPV₈ \$A101M and IRR 96%. There is potential to treat gold bearing material from Kitticoola and other potential targets, either currently held by the Company or available for acquisition.

The Company's Managed Aquifer Recharge (MAR) trial was completed with results confirming the suitability of the aquifer to receive reinjected water from the mining area. 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. As a result of the successful completion of the MAR trial, Terramin announced a target date of the end of June 2019 to submit the Mining Lease Application.

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 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 Advanced Compressed Air Energy Storage (ACAES) project.

Expenditure on the Bird-in-Hand project and Angas Zinc Mine site was \$0.4 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 eleven contiguous exploration tenements that cover 3,481 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 eleven Exploration Licenses totaling 4,524km².

Update

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.

Work undertaken by CSIRO on historic drill samples from Kapunda as part of the \$2.85 million CRC-P¹ funded Kapunda In-Situ Copper and Gold Recovery Trial has successfully demonstrated recovery of gold from samples using a thiosulphate-based leach (ASX release – 3 April 2019). The significant gold values from Kapunda, which was mined solely for copper in the 1800's, highlights the gold potential of the other historic copper mines held by Terramin in the region.

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

¹ Cooperative Research Centre Project Grant - Commonwealth Government Department of Industry and Innovation

CORPORATE AND ENVIRONMENTAL PERFORMANCE

Terramin management continued to work towards the recapitalisation of the business and undertook a number of discussions with shareholders and investors throughout the period. The company continued to be supported by Asipac and discussions on refinancing of loans continued over the period.

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.

During the quarter no unlisted options were exercised.

As at 31 March 2019, the Company's cash balance was \$0.3 million with \$0.5 million in undrawn debt facilities.

For further information, please contact:

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DIRECTORS AND MANAGEMENT

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Andre Van Driel

Executive Chairman

Non-Executive Deputy Chairman

Non-Executive Director

Non-Executive Director

Executive Director

Chief Executive Officer and Company Secretary

Chief Financial Officer

CAPITAL STRUCTURE - 30 DECEMBER 2018

Shares on issue	1,869,601,371
Unlisted options	10,000,000

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 (Tala Hamza and Exploration) and Mr Dan Brost (Bird-in-Hand), both being Competent Persons who are Member(s) of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Whittaker is employed as the Principal Resource Geologist of Terramin Australia Limited and Mr Brost is a geologist consulting to Terramin. Mr Whittaker and Mr Brost have 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 Competent Person(s) as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Whittaker and Mr Brost consent 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.

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