



31 Jul 2019

June 2019 quarterly activities report

Q1 HIGHLIGHTS

Terramin South Australia Gold

Bird-in-Hand Gold Project and Regional Gold Exploration

- Major milestone reached with Mining Lease Application for the Bird-in-Hand Project and all documents released to the public at www.terramin.com.au
- Public consultations commenced and expected to run to 20 September 2019. Following feedback from the consultations, Terramin will submit a response and await a government decision on the MLA
- Design of metallurgical test work program advanced along with Angas plant re-start engineering assessment. Key elements of further study commissioned for delivery by Q4
- Completion of Managed Aquifer Recharge (MAR) confirmed validity of existing model and satisfied independent peer review
- Contributed to the Woodside Soccer Club solar panel project to help make the spotlighting of the pitch cost neutral
- Contributed to the South Australian Seed Conservation Centre for the survival of the rare spider orchid

Exploration

- Terramin signed agreements with Freeport-McMoRan ('Freeport') covering copper-gold prospects Wild Horse and South Gawler Ranges
- Freeport may earn 75% of Wild Horse by spending A\$23 million over 10 years
- Freeport may earn 80% of the South Gawler Ranges tenements by spending A\$8m over 10 years
- Agreements represent significant opportunity for Terramin to benefit from exploration upside on its large package of tenements in South Australia

Terramin Base Metals

Tala Hamza Zinc Project

- President Abdelaziz Bouteflika stepped down after 20 years in power and elections have been scheduled for later this year. Decisions on large projects are likely only after elections
- Regular negotiations with Algerian authorities in Algiers were held in April to advance financing

Corporate and Environmental Performance

- Terramin engaged with Investec on refinancing of the \$5.3m AZM environmental closure bond and is in the process of replacing the current arrangements with a cash backed bond
- Terramin supported the local Woodside Soccer Club with the installation of solar panels as part of its community sponsorship and support program
- Terramin contributed to the program of assistance for the White Spider Orchid in conjunction with local landowners and the South Australian Seed Conservation Centre.

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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

Presidential elections have been slated for the second half of 2019 as the country transitions from 20 years of rule by former-President Abdelaziz Bouteflika. The government has been operating in a caretaker capacity. Major decisions are likely to be taken only after elections and ministerial appointments have been confirmed. Terramin will consider appropriately timing its application to allow any new appointments to become familiar with the project before being asked to consider the application.

During the quarter, further desktop work on optimisation of the Tala Hamza mine plan and processing schedule was undertaken. 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.

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 \$0.1 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 and the new tailings are anticipated to provide some acid-neutralising capacity which will benefit the water chemistry within the tailings dam.

Update

Terramin reached a major milestone with the lodgment of the Mining Lease Application (MLA) for its Bird-in-Hand Project and the Miscellaneous Purpose Lease (MPL) to allow the AZM site to treat the Bird-in-Hand ore on 21 June 2019. The application was validated by the South Australian Department for Energy and Mining (DEM). DEM commenced a 10 week public consultation program ending on 20 September 2019. Terramin commenced preparing the Program for Environment Protection and Rehabilitation (PEPR) which is largely covered by the preparatory works already undertaken for the MLA and MPL.

The Bird-in-Hand Scoping Study envisages trucking of high grade gold bearing material from the mine site to the Angas processing facility. The project has robust financials, including results of Nominal NPV₈ \$A101 and IRR 96%, that is strengthened by the current A\$ gold price environment (at a record level above \$2,000 per ounce). 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 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.

Terramin undertook a strategic review in 2018 which supported the eventual demerger of the precious metal assets from base metals. Demerger remains one of the options for the South Australian gold assets but in the short term management's focus is on realizing a project approval for the submitted MLA and MPL. While a number of parties expressed interest in Bird-in-Hand in 2019, the view is that the strong project economics and positive developments surrounding MLA and MPL submission warrant Terramin continuing to develop the project in the best interest of shareholders as outlined in the corporate strategy.

Expenditure on the Bird-in-Hand project and Angas Zinc Mine site was \$0.9 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 exploration tenements that cover 3,481 km² and stretch from Lake Alexandrina to Jamestown. This project area is considered highly prospective for gold, copper, lead, zinc and rare earth elements. Terramin's South Gawler Ranges 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.

As discussed above, Terramin entered two agreements with Freeport Exploration Australia Ltd covering the Wild Horse tenement and South Gawler Ranges tenements. Early exploration activity is expected to commence in Q3.

CSIRO has commenced baseline hydrological surveys for the Kapunda ISR Project. To aid hydrogeological modelling magnetotelluric data was collected from 87 sites covering an area of approximately 1km² located between the historic Kapunda mine workings and the Light River.

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

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. Asipac extended debt financing facilities by \$1.5m to provide working capital through to 31 October 2019. Terramin is also in discussions with Investec about refinancing the AZM environmental closure bond with a cash backed facility as the Investec facility ends in Q3.

Terramin continued to pursue its safety and environmental goals during the quarter. There was one Medically Treated Injury (MTI), which involved a hand laceration requiring two stitches, 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 30 June 2019, the Company's cash balance was \$0.4 million.

For further information, please contact:

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DIRECTORS AND MANAGEMENT

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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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