



28 Jan 2020

Grant of ASX Waiver

Terramin Australia Limited (ASX: TZN) (**Terramin** or the **Company**) advises that it has sought and has been granted a waiver by ASX Limited (**ASX**) from listing rule 10.1 to the extent necessary to permit the Company to grant security over its Terramin Exploration Pty Ltd (**TZNEX**) assets (the **Security**) in favour of Asipac Group (**Asipac**).

The waiver relates to the Terramin Standby Term Facility and Bird-in-Hand (BiH) Facility (the **Facilities**). As advised to the ASX on 28 October 2019, the Standby Term Facility was increased from \$15.05 million to \$15.55 million in order to accommodate general working capital commitments, and the Facilities were extended to 30 April 2021. The extension to the Facilities was secured on substantially the same terms but with an increase in interest rate to 12% per annum. The increase is in line with comparable commercial terms.

The independent Non-Executive Directors of Terramin determined that the increase in interest rate to 12% per annum was in accordance with arm's length terms for projects of equivalent levels of development to Terramin's own projects and risk profile. The independent Non-Executive Directors considered the availability and conditions attached to alternative funding arrangements received over the last 12 months from alternative financial providers and determined, in the circumstances, that the changes to the Facilities were fair and reasonable.

The Facility sees refinancing and marketing fees waived, along with waiver of the right to negotiate an offtake agreement for BIH previously held by Asipac, in return for a 3% NSR royalty on gold production from Bird in Hand. In the event BIH production is less than 500koz the royalty shall extend to Terramin's wholly owned South Australian gold tenements until a total of 500koz is reached. This arrangement will enable Terramin to engage in potential off take agreements with arms-length commercial parties as a major component of financing the BiH project.

The terms of the waiver are attached to this announcement. The Company expects to be in a position to repay the outstanding debt owed to Asipac under the Facility in accordance with its terms.

Approved by the Board of Terramin, including separate approval by the independent Non-Executive Directors of Terramin to paragraph 3.

For further information, please contact:

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ASX WAIVER

DECISION

Based solely on the information provided, ASX grants the Company a waiver from Listing Rule 10.1 to the extent necessary to permit the Company to grant security over the assets and undertaking of the Company in favour of Asipac Group Pty Ltd (“Lender”) (the “Security”) to secure the Company’s obligations under a loan agreement for an amount of \$15,550,000 and \$6,000,000 in respect to the Bird in Hand Facility (“BIH Facility”), with both the loan terms ending 30 April 2021, both of the loan interest rates being 12% per annum and the facility held in the name of the Lender and drawn down by the Company as required (the “Loan Facility”) provided by the Lender without obtaining shareholder approval, on the following conditions:

- 1.1. the material terms of the transaction and of the waiver are announced to the market;
- 1.2. the announcement includes a description of the reasons why the entity has chosen to obtain the financial accommodation from the 10.1 party rather than a lender that is not a 10.1 party and the steps the board of the entity (or, in the case of a listed trust, the RE of the trust) has taken to satisfy itself that the transaction is being entered into on arm’s length terms and is fair and reasonable from the perspective of the holders of the entity’s ordinary securities;
- 1.3. the security documents expressly provide that:
 - a) the security is limited to the funds due under the financial accommodation;
 - b) the security will be discharged when the funds due under the financial accommodation have been repaid in full;
 - c) in the event the security is enforced, the assets can only be disposed of to the 10.1 party or an associate of the 10.1 party if the disposal is first approved by the entity’s security holders under Listing Rule 10.1; and
 - d) otherwise, if the holder of the security exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the security, the assets must be sold to an unrelated third party on arm’s length commercial terms and the net proceeds of sale distributed to the 10.1 party in accordance with their legal entitlements;
- 1.4. any variation to the terms of the financial accommodation or the security which:
 - a) advantages the 10.1 party in a material respect;
 - b) disadvantages the entity in a material respect; or
 - c) is inconsistent with the terms of the waiver,must be subject to security holder approval under Listing Rule 10.1; and
- 1.5. for each year while they remain on foot, a summary of the material terms of the financial accommodation and the security is included in the related party disclosures in the entity’s audited annual accounts.

ASX has considered Listing Rule 10.1 only and makes no statement as to the Company’s compliance with other listing rules.