



28 Apr 2020

March 2020 quarterly activities report

Q1 HIGHLIGHTS

Terramin South Australia Gold

Bird-in-Hand Gold Project (BIHGP)

- Received South Australian government response document to Mining Lease Application submission on 7th February 2020.
- Terramin is advancing the complete lodgement of a formal response to all the questions raised by the government in their response document as well as formal responses to the community consultation process.
- Work on the BIHGP Feasibility Study continues to advance with all technical work completed.
- Discussions with potential financiers for BIHGP continue with a strong level of interest in the project.
- Draft of the Program for Environmental Protection and Rehabilitation (PEPR) continued to advance.
- An insurance claim in respect of the damage to the property at Woodside by the Cudlee Creek fire has been agreed and finalised with the insurer and is expected to be paid in the 2nd quarter.

Exploration

- Terramin and Freeport-McMoRan ('Freeport') completed a drilling program on the Wild Horse prospect in January but a government approved follow up drill program has been deferred to later in the year due the impact of Covid-19 restrictions.
- The government approved scout drilling program at Kitticoola has been deferred to later in the year due the impact of Covid-19 restrictions.

Terramin Base Metals

Tala Hamza Zinc Project

- Active and productive discussions have continued with our Algerian partners to progress and refine the Feasibility Study.
- Our Algerian partners has reaffirmed their approval of all the technical aspects of the Tala Hamza Zinc Project.
- Agreement has been reached with our partners in respect of the financial parameters of the project and addition work is currently being undertaken to optimise the project.

Corporate

- the Company's cash balance was \$5.4 million at the end of the quarter.

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

Following the completion of Presidential elections in December, a new Algerian government was established during December and January. Despite the impact of the COVID-19 restrictions, Terramin has continued to engage with our Algerian partners with a view to progress and refining the Definitive Feasibility Study to enable formal approval in due course.

Our Algerian partners have advised that they accept all the technical aspects of the project and discussions have progressed to the point where the parties have agreed on the financial parameters that should be applied to the project in the DFS. These parameters include metal prices, funding, inflation and discount rates. The parties are now working together to optimise the project

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) 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

On the 7th February 2020, Terramin received a response from the South Australian Department for Energy and Mines (DEM) in respect of its Mining Lease Application (MLA) for its Bird-in-Hand Gold Project and the Miscellaneous Purpose Lease (MPL) to allow the Angas site to treat the Bird-in-Hand ore. This response document included a series of questions seeking clarification on aspects of the project and detailed the outcomes from the public consultations. Terramin is advancing the complete lodgement of a formal response to all the questions raised by the government in their response document as well as formal responses to the community consultation process. We will continue to update shareholders on progress on this matter.

Terramin continues to update the Program for Environment Protection and Rehabilitation (PEPR) in line with the MLA and MPL.

During the quarter, the Feasibility Study team made strong process and is working towards finalisation in the coming weeks. The engineering studies and metallurgical studies have been completed and the focus is now obtaining cost inputs and financial modelling.

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 \$A101 million and IRR 96%. The current improvements in gold price present significant upside on the scoping study results. 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 Angas 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 continues to engage with a number of parties which are interested in funding or investing in the projects. There is strong interest from offtake parties, streaming and royalty companies, financial institutions and other mining companies.

An insurance claim in respect of the damage to the property at Woodside by the Cudlee Creek fire has been agreed and finalised with the insurer and is expected to be paid in the 2nd quarter.

Expenditure on the Bird-in-Hand Gold 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 previously disclosed as part of a joint venture arrangement

The Adelaide Hills Project consists of eleven contiguous exploration tenements that cover 3,481km² 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.

Kapunda Update

During the quarter, Terramin's joint venture partner Environmental Copper Recovery continued with its technical assessment of the Kapunda In Situ Recovery project with:

- Successful completion of the pump tests
- Initial tracer tests indicating that the wells are physically connected.
- Large scale column leach test work underway.
- Assay work on recent drill samples underway.

Exploration Update

Also, during the quarter Terramin's joint venture partner Freeport McMoRan completed the first phase of drilling at Wild Horse and has in place all plans and approvals for further drilling. Unfortunately this drilling has been deferred due to interruption caused by the Covid-19 restrictions.

Terramin's approved drilling at Kitticoola has also been deferred due to interruption caused by the Covid-19 restrictions.

Terramin's expenditure on the Adelaide Hills and Gawler Ranges tenements was \$0.1 million.

CORPORATE AND ENVIRONMENTAL PERFORMANCE

Terramin continued to pursue its safety and environmental goals during the quarter. There were no recordable injuries and no instances of non-compliance with relevant safety or environmental regulation or lease conditions.

During the quarter, no equity was issued and no unlisted options were exercised or lapsed.

As at 31 March 2020, the Company's cash balance was \$5.4 million.

This ASX release was approved by the Terramin Board.

For further information, please contact:

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Executive Chairman
Non-Executive Deputy Chairman
Non-Executive Director
Non-Executive Director
Executive Director
Chief Executive Officer
Company Secretary

CAPITAL STRUCTURE - 31 MARCH 2020

Shares on issue	2,116,562,720
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.