Appendix 4E
Preliminary Final Report

Terramin Australia Limited (ASX: TZN) is pleased to provide the Company's Preliminary Final Report (unaudited) for the year ended 31 December 2016.

This report is based on a draft financial report for the year ended 31 December 2016 which is in the process of being audited. The audited financial report will be released in the coming days following completion of the audit.

The Board notes the progress of the Company's main projects during and after the reporting period:

Tala Hamza

- In respect of the Tala Hamza Zinc Project, following the general agreement between Terramin and its Algerian joint venture partners on the new mining method and the scope and parameters of the revised feasibility study, the exploration licence for the project was renewed by the Algerian regulator. The exploration licence will allow the completion of a geotechnical and hydrogeological programs which are currently under way.

- Significant advances have been made regarding:

  - the geotechnical studies which have enabled completion of the subsidence model and to plan the surface infrastructure (including the processing plant) in a more appropriate location resulting in the project having a smaller footprint and requiring less capital;

  - the management of tailings with the partners agreeing that the dry stacking of tailings is a viable option for the project. The tailing management method has a positive impact on land and capital requirements and perception of the project by the local community.

- Over the past 12 months the zinc price has rallied from US$1,800/MT to approximately US$2,800/MT. The strong growth had been forecast by many industry experts with a shortage of supply expected to emerge in international markets. These forecasters expect this trend to continue which bodes well for Tala Hamza.

Bird in Hand Gold Project

- In respect of the Bird-in-Hand Gold Project, the Company completed a diamond drilling program to provide hydrological, geotechnical and metallurgical data about the deposit and enable Terramin to progress the underground mine design and finalise the layout of surface facilities.

- Drilling was also undertaken to obtain fresh samples for metallurgical and mineralogical analyses of the gold mineralisation – the assays returned very high grade gold results confirming the exceptionally high grade gold mineralisation of the Bird-in-Hand deposit.

- These results along with earlier high grade gold results allowed the Company to upgrade and increase the mineral resource classification of the deposit from Inferred to Indicated. The new resource was estimated at 588,000 tonnes at 13.3g/t gold for 252,000 ounces of gold. This places the Bird-in-Hand deposit as one of the highest grade deposit in Australia.

- A number of studies have been undertaken to pre-feasibility standard in respect of ventilation systems, mining equipment requirements, material handling, backfill, traffic and storm water. The studies will form the basis of the mining lease proposal.

- The Company has progressed its studies on the use of grouting to restrict the inflow of groundwater when mining. With the assistance of grouting specialist and water specialist consultants, the company has developed the mine design. The groundwater management program is focussed on protecting the existing groundwater users' access and groundwater quality.

- The Company continues to work on its community engagement program which included meeting with stakeholders, providing information and receiving feedback about the project as studies progress. Additional initiatives were also implemented including:

    - workshops, with neighbours and interested parties to address key aspects of the project including the understanding and protection of groundwater, geotechnical conditions and design;

    - commissioning the CSIRO to undertake a survey to ascertain community concerns and sentiments towards the proposed mine development.

- Also during the year, the Company has received a number of expression of interest for the Bird-in-Hand project which led the board to engage in a formal process to ascertain the potential for such third party interest to lead to a transaction.

After the reporting year, Terramin raised $4 million by way of a share placement to a new local investor. This placement shows the confidence of investors in the Company's assets.

In 2017, the Company will focus on:

- completing the revised feasibility study and the environmental impact statement in order to enable the joint venture partners to take a decision to mine and lodge the mining lease application to develop the Tala Hamza Zinc Project;

- completing the work required to lodge the mining lease application for the Bird-in-Hand Gold Project;

- continuing to assess opportunities within the Group's portfolio of assets and reviewing market opportunities.

For further information, please contact:

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TERRAMIN AUSTRALIA LIMITED

2016 PRELIMINARY FINAL REPORT

CONTENT

Terramin Australia Limited

ABN 67 062 576 238

Appendix 4E Statement

PRELIMINARY FINAL REPORT

For the year ended 31 December 2016 (previous corresponding period is the year ended 31 December 2015)

Results for Announcement to the market

(All comparisons to year ended 31 December 2015)	**$'000**	Up/down	Movement %
Revenues from ordinary activities	**-**	-	-
Revenues from ordinary activities excluding interest income	**-**	-	-
Loss after tax from ordinary activities	**(3,586)**	up	44.4

Explanation of Revenue

There was no revenue from ordinary activities for the financial year ended 31 December 2016.

Please refer to the Preliminary Final Report for the year ended 31 December 2016 for further information.

Dividends Information

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
Interim 2016 dividend per share	Nil	Nil	Nil
Final 2016 dividend per share	Nil	Nil	Nil

No interim dividend was paid for the year ending 31 December 2016 and no final dividend has been proposed for the year ending 31 December 2016.

Net Tangible Assets per Security

	31 December 2016	31 December 2015
Net tangible assets per security	**0.03**	0.03

Audit Report

Additional Appendix 4E disclosure requirements can be found in the 31 December 2016 Preliminary Final Report and accompanying notes.

This report is based on the consolidated financial statements which are in the process of being audited by Grant Thornton.

DIRECTORS

The following persons were Directors of the Company during the whole of the year and up to the date of the report unless stated otherwise:

Mr Feng Sheng
Non-Executive Chairman - Appointed 17 April 2013

Mr Michael H Kennedy BComm (Economics)
Non-Executive Deputy Chairman - Appointed 15 June 2005

Mr Angelo Siciliano FIPA, Registered Tax Agent, BBus
Non-Executive Director - Appointed 2 January 2013

Mr Kevin McGuinness
Non-Executive Director - Appointed 17 April 2013

Mr Yaheng Xie MSc, Senior Engineer
Non-Executive Director - Appointed 18 September 2009

PRINCIPAL ACTIVITIES

During the year there were no significant changes in the nature of the Group's principal activities which continued to focus on the development of and exploration for base and precious metals (in particular zinc, lead and gold) and other economic mineral deposits.

OPERATING RESULTS

The consolidated loss of the Group after providing for income tax was $3.6 million for the year ended 31 December 2016 (2015: $6.5 million).

The major contributors to the result were interest costs, expenditure in relation to the Tala Hamza Zinc Project prior to the grant of the exploration licence and exploration expenditure written off in relation to Australian projects.

The consolidated net asset position as at 31 December 2016 was $45.7 million, decreased from $49.6 million as at 31 December 2015.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared during the year and no recommendation was made to pay a dividend.

REVIEW OF OPERATIONS

During the year, the Company continued to focus on the exploration and evaluation of base and precious metal projects in Australia and Algeria. In 2016, the Company continued the work to complete a revised Definitive Feasibility Study (DFS) for the development of the Tala Hamza zinc deposit in Algeria in collaboration with its Algerian joint venture partner. The Company also continued the studies as part of the Preliminary Feasibility Study for the Bird-in-Hand Gold Project in South Australia.

Highlights for each of the Company's major projects are reported below.

Tala Hamza Zinc Project

(Terramin 65%)

The Tala Hamza Zinc Project includes the Tala Hamza zinc deposit and is 100% owned by Western Mediterranean Zinc (WMZ). Terramin has a 65% shareholding in WMZ, the remaining 35% is held by two Algerian government owned companies: Enterprise National des Produits Miniers Non-Ferreux et des Substances Utiles Spa (ENOF) (32.5%) and Office National de Recherche Géologique et Minière (ORGM) (2.5%). WMZ was formed following a resolution of the State Participation Council to create a joint venture between ENOF and Terramin for the development and mining of the Tala Hamza zinc-lead deposit.

During the year, the Company made progress towards the completion of the revised feasibility study for the development of the Tala Hamza project.

The Algerian mining regulator, Agence Nationale des Activitiés Minières (ANAM), re-issued the Oued Amizour exploration license which incorporates the Tala Hamza Zinc Project (Exploration Licence) in February 2016. The re-issue of the Exploration Licence follows the general agreement between Terramin and its Algerian joint venture partners on the new mining method, the scope and parameters of the revised scoping study and will allow the completion of a geotechnical and hydrogeological program. The partners also met in June 2016 for a formal WMZ board meeting during which the partners confirmed their agreement on the steps to be taken towards the development of the project.

Terramin, in agreement with its joint venture partners, have progressed a number of matters that have significant implications for the footprint and economics of the project. This includes the choice of a new site for the processing facility which will be closer to the Tala Hamza zinc deposit. The partners have continued to work on finalising the subsidence model on the basis of geotechnical studies. The project partners are satisfied that the surface infrastructure including the processing facility can be located in one valley (instead of two) following normal engineering design parameters.

The partners have also completed significant work regarding the management of tailings. This aspect is important for the partners from an environmental and social aspect. Tailings specialist, ATC Williams, have delivered a report which confirmed the feasibility of dry stacking of tailings instead of constructing a tailing dam. This option eliminates social and environmental concerns, reduces the upfront capital costs, significantly reduces the footprint of land used (and associated land acquisition costs) as well as long term site rehabilitation liability. The partners agreed that the dry stacking of tailings is a viable option for the Tala Hamza Zinc Project. This study will be incorporate in the revised feasibility study and environmental impact statement (EIS) for the project.

For the upcoming months, Terramin plans to complete the geotechnical and hydrogeological drilling programwhich was delayed by heavy rain. The partners will also focus on completing the revised feasibility study by including the results of the geotechnical drilling, the hydrological studies and tailings dry stacking study. The drafting of the EIS and the completion of the mining lease application is also a priority for the months to come.

Bird-in-Hand Gold Project

(Terramin Exploration Pty Ltd 100%)

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). The project has a high grade Resource of 252,000 ounces of gold which is amenable to underground mining.

During the year the Company completed a diamond drilling program which was principally designed to provide hydrological, geotechnical and metallurgical data about the Bird-in-Hand deposit to enable Terramin to progress the underground mine design and commence layouts of surface facilities. As part of that program, six holes were drilled to obtain fresh samples for metallurgical and mineralogical analyses of the gold mineralisation. The assays returned very high grade gold results which confirmed the exceptionally high grade gold mineralisation of the Bird-in-Hand deposit.

These results along with earlier high grade gold results allowed the Company to upgrade the mineral resource classification for the upper part of the deposit from Inferred to Indicated. The new resource was estimated at 588,000 tonnes at 13.3g/t gold for 252,000 ounces of gold, resulting in an increase of 8% to the previous estimate. Over a third of the 2016 Resource Estimate tonnes has been classified as Indicated.

A number of studies have been undertaken to pre-feasibility standard in respect of ventilation systems, mining equipment requirements, material handling, backfill, traffic and storm water. The studies will be used to prepare the mining lease application for the development of the project.

Initial groundwater modelling has been undertaken including the mine design to determine likely inflows over the life of the project. The groundwater management program is focussed on protecting the existing groundwater users' access and groundwater quality.

Grouting is utilised to restrict the inflow of groundwater when mining, the Company has worked with grouting specialist and water specialist consultant for the mine design.

The Company continues to work on its community engagement program which included meeting with stakeholders in the area of the project, providing information and receiving feedback about the project as studies progress. A number of workshops were held during the year with neighbours and interested parties to address key aspects of the project including the understanding and protection of groundwater, geotechnical conditions and design. Also as part of the community consultation process, the Company has commissioned the CSIRO to undertake a survey to ascertain community concerns and sentiments towards the proposed mine development. The results of the study will help understand community issues and guide the establishment of management systems to mitigate perceived impacts.

Terramin also undertook environmental rehabilitation of the land it owns at Woodside during the year. The revegetation program has been designed to re-establish native vegetation habitat for the threatened flora and fauna species indigenous to the area with approximately 23,000 native plants planted along farm boundaries, fence and creek lines to provide habitat corridors, improve resilience of existing woodland and provide screening along boundaries. The mine plan is to be integrated with the revegetation areas and will be designed to have a very small surface exposure. All infrastructure is designed to avoid native vegetation growth areas.

Angas Zinc Mine

(Terramin 100%)

The Angas Zinc Mine is located 2km outside the town of Strathalbyn, 60km from Adelaide. The mine is currently in care and maintenance pending the resumption of exploration at depth and near mine, in addition to evaluation of the development of the Bird-in-Hand Gold Project. The site remains in compliance with the lease conditions on all levels.

During the year the Company completed the elaboration of the Angas Zinc Mine closure plan (Closure Plan) with the feedback of the Department of State Development (DSD) to satisfy DSD's requirements. The key aspects of the Closure Plan discussed with DSD related to the mine entrance and the tailings dam. The approved Closure Plan is integrated into the updated Program for Environmental Protection and Rehabilitation (PEPR) for final sign off. The conceptual Closure Plan design incorporates an engineered soil cover (also known as a Phytocap or an AACap) to close the TSF and develop a long term stable landform.

The Company continues to engage regularly with the Strathalbyn Community Consultation Committee and has discussed this proposal with the Committee. The Company continues to update the Committee as plan progress.

Adelaide Hills Project

(Terramin / Terramin Exploration Pty Ltd 100%)

The Adelaide Hills Project consists of twelve contiguous exploration tenements that cover 3,493km² stretching 120km between Victor Harbor and Kapunda. This project area is considered prospective for gold, copper, lead, zinc and rare earth elements. In addition to Bird-in-Hand current active project areas include: Kapunda, Wheal Barton and Cambrai.

During the year, Terramin was awarded a drilling grant of $85,000 by the SA Government backed PACE programme to explore the Brind gold deposit. Work was undertaken around several old mines in the Adelaide Hills including at the Kapunda (EL 5262) copper mine and Cambrai prospect. Data collected included ground magnetics, ground EM and soil geochemistry.

During the reporting period Terramin was granted tenement EL 5846 (Wild Horse) for a 2 year term. The Wild Horse tenement is located on the East of Murray Bridge which is prospective for Copper-Gold. Work included reprocessing of geophysical datasets, petrological analyses of historic core samples.

Early in 2017, Terramin reliniquished two of its Adelaide Hills Project tenements.

Gawler Ranges Project

(Terramin 100% through its wholly owned subsidiary Menninnie Metals Pty Ltd)

During the year, the work undertaken was limited to the compilation of field data, field mapping and sampling of vein systems and IOCG-style breccias and interaction with potential joint venture partners.

Corporate

During the year the Company implemented a number of corporate cost reduction strategies. The Company moved offices to 202-208 Glen Osmond Road, Fullarton thereby reducing corporate overheads to use towards advancing the Company's projects.

The Company and its major shareholder, Asipac Group Pty Ltd (Asipac), have agreed to increase the Bird-in-Hand loan facility by $1.0 million to $6.0 million. This additional amount was used to continue advancing the work on the Tala Hamza Zinc Project and the Bird-in-Hand Gold Project. The additional $1 million is secured by the securities granted by Terramin Exploration Pty Ltd to Asipac.

In the later part of the year, the Board reviewed the Company's portfolio in light of recent market developments in the zinc and gold markets. Terramin received a number of unsolicited approaches for the Bird-in-Hand Gold Project due to its exceptional grade and low start-up costs. The Company appointed Investec Australia Limited as corporate adviser to evaluate third party interest in the Bird-in-Hand Gold Project and a data room has been set up where interested party have started reviewing information about the project. The Due Diligence Committee of the board supervises this process with management.

Terramin has also continued to discuss with third parties regarding potential transactions in respect of its Gawler Ranges Project.

During the year, the Company received a Research & Development tax refund of $1.12 million.

The Company issued 953,803 shares in lieu of directors fees as approved by shareholders at the general meeting held on 27 May 2016.

Business Development Activities

Throughout 2016, the Company continued to identify, assess and, where appropriate, pursue the acquisition of interests in advanced mining projects.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant change in the state of affairs of the Group occurred during the financial year, other than as already referred to in this report.

SUBSEQUENT EVENTS

On 2 February 2017, the Company raised $4 million via a share placement with a new sophisticated investor based in Australia. Under the subscription agreement, 25,000,000 shares were issued at a price of $0.16 per share.

In the Directors' opinion, no other events or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company or the Group, the results of those operations, or the state of affairs of the Group in future years that have not been otherwise disclosed in this report.

FUTURE DEVELOPMENTS

The Group will continue to work with its Algerian partners to complete the revised definitive feasibility study to reach a decision to mine and proceed with the development of the Tala Hamza Zinc Project. The Group also intends to continue to progress the Bird-in-Hand Gold Project through a feasibility study and the lodgement of a mining proposal plan. The Group intends to continue to undertake appropriate exploration and evaluation expenditure, thereby enabling it to maintain good title to all its prospective mineral properties until decisions can be made to successfully develop and exploit, sell or abandon such properties. New projects will continue to be sought and evaluated.

ENVIRONMENTAL MANAGEMENT

The Group (in particular the Company's Angas Zinc Mine) is subject to significant environmental regulation under both Commonwealth and South Australian legislation in relation to its exploration, development and mining activities. Exploration licences and mining leases are issued subject to various obligations as to environmental monitoring and rehabilitation, and ongoing compliance with all relevant legislative obligations. The Group's Directors, employees and consultants are committed to achieving a high standard of environmental performance, which is monitored by the Audit, Risk and Compliance Committee.

Environmental monitoring at Angas is continuing whilst in the care and maintenance phase. Terramin remains compliant with the terms of the Angas Mining Lease.

To the best of the Directors' knowledge there have been no material breaches or other material instances of non-compliance, nor any recorded known areas of outstanding non-compliance, with any applicable environmental legislation or other regulations.

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled and reviewed by Mr Eric Whittaker. The information that relates to Ore Reserves is based on information reviewed by Mr Joe Ranford. Mr Whittaker and Mr Ranford are Members of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Whittaker is the Principal Resource Geologist and Mr Ranford is Chief Technical Officer and Operations Manager and both are full time employees of Terramin Australia Limited. Both have sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined by the relevant 2004 or 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Whittaker and Mr Ranford consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

CORPORATE GOVERNANCE

The Board has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3rd Edition" (ASX Recommendations). The Board regularly monitors and reviews its existing and required policies, charters and procedures with a view to ensuring its compliance with the ASX Recommendations to the extent deemed appropriate for the size of the Company and its development status.

A summary of the Company's ongoing corporate governance practices is set out annually in the Company's annual report.

Good corporate governance practices are also supported by the ongoing activities of the following Board committees:

- Audit, Risk and Compliance Committee;
- Nominations and Remuneration Committee; and
- Due Dilligence Committee

SHARE CAPITAL

(a) Ordinary Shares

As at 31 December 2016, there were 1,795,996,987 fully paid ordinary shares in the capital of the Company on issue. Since 31 December 2016, 25,000,000 shares were issued under a subscription agreement with a new sophisticated investor.

(b) Unlisted options outstanding at the date of this report

At the date of this report there were 3,500,000 unlisted options over fully paid ordinary shares in the capital of the Company on issue.

Expiry Date	Exercise Price $	Number of Options on Issue
19-Dec-17	0.135	1,750,000
19-Dec-18	0.135	1,750,000
TOTAL		**3,500,000**

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of the Company or any other body corporate.

(c) Unlisted options exercised/cancelled during the year

There were no unlisted options over fully paid ordinary shares in the capital of the Company exercised during the period. During the year 300,000 options lapsed and were cancelled.

(d) Unlisted options exercised/cancelled since 31 December 2016

No unlisted options over fully paid shares in the Company have been exercised or cancelled since 31 December 2016.

(e) Share rights issued/converted during the year

There were 330,563 share rights issued during the year, none were converted into shares.

(f) Share rights issued/converted since 31 December 2016

No share rights have been issued or converted since 31 December 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Year Ended 31 December 2016

	Note	**2016 $'000**	2015 $'000
Consumables and other direct costs		**(801)**	(571)
Employee expenses		**(1,122)**	(1,132)
Depreciation and amortisation	9	**(43)**	(37)
Exploration and evaluation expensed (Oued Amizour Project)		**(238)**	(987)
Exploration and evaluation write-down		**(498)**	-
Write down of consumable and spare part inventories		**-**	(563)
Mine rehabilitation liability - reassessment	12	**63**	219
Other expenses		**(684)**	(530)
Loss before net financing costs and income tax		**(3,323)**	(3,601)
Finance income	5	**6**	13
Finance costs	5	**(1,385)**	(3,978)
Net finance costs		**(1,379)**	(3,965)
Loss before income tax		**(4,702)**	(7,566)
Income tax benefit	16	**1,116**	1,120
Loss for the year		**(3,586)**	(6,446)
Attributable to:			
Owners of the Company		**(3,430)**	(6,091)
Non-controlling interest	15	**(156)**	(355)
Loss for the year		**(3,586)**	(6,446)
Other comprehensive (loss)/income Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**(463)**	(1,397)
Other comprehensive (loss)/income for the year, net of income tax		**(463)**	(1,397)
Total comprehensive loss for the year attributable to equity holders of the Company		**(4,049)**	(7,843)
Attributable to:			
Owners of the Company		**(3,893)**	(7,467)
Non-controlling interest		**(156)**	(376)
Total comprehensive loss for the year		**(4,049)**	(7,843)

Earnings per share attributable to the ordinary equity holders of the Company:

	Note	**2016**	2015
Basic earnings/(loss) per share - (cents per share)	23(a)	**(0.19)**	(0.37)
Diluted earnings/(loss) per share - (cents per share)	23(b)	**(0.19)**	(0.37)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the Year Ended 31 December 2016

	Note	2016 $'000	2015 $'000
Assets			
Cash and cash equivalents	*6*	**1,037**	2,601
Trade and other receivables	*8*	**106**	38
Other assets		**75**	78
Total current assets		**1,218**	2,717
Non-current assets			
Inventories	*7*	**661**	663
Property, plant and equipment	*9(a)*	**8,531**	8,557
Exploration and evaluation	*9(b)*	**56,278**	53,521
Total non-current assets		**65,470**	62,741
TOTAL ASSETS		**66,688**	65,458
Liabilities			
Current liabilities			
Trade and other payables	*10*	**3,529**	2,091
Short term borrowings	*11*	**11,457**	31
Provisions	*12*	**314**	259
Total current liabilities		**15,300**	2,381
Non-current liabilities			
Long term borrowings	*11*	**9**	7,917
Provisions	*12*	**5,693**	5,610
Total non-current liabilities		**5,702**	13,527
TOTAL LIABILITIES		**21,002**	15,908
NET ASSETS		**45,686**	49,550
Equity			
Share capital	*13*	**204,054**	203,913
Reserves	*14*	**3,198**	3,617
Accumulated losses		**(175,702)**	(172,272)
Total equity attributable to equity holders of the Company		**31,550**	35,258
Non-controlling interest	*15*	**14,136**	14,292
TOTAL EQUITY		**45,686**	49,550

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Year Ended 31 December 2016

2016	Share capital $'000	Share based payments reserve $'000	Translation reserve $'000	Other components of equity $'000	Accumulated losses $'000	**Total $'000**	Non-controlling interest $'000	**Total equity $'000**
Balance at 1 January 2016	**203,913**	**8,970**	**(5,353)**	**-**	**(172,272)**	**35,258**	**14,292**	**49,550**
Loss for the year	-	-	-	-	(3,430)	**(3,430)**	(156)	**(3,586)**
Other comprehensive income								
Foreign currency translation differences	-	-	(463)	-	-	**(463)**	-	**(463)**
Total other comprehensive income	-	-	(463)	-	-	**(463)**	-	**(463)**
Total comprehensive income for the year	-	-	(463)	-	(3,430)	**(3,893)**	(156)	**(4,049)**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares	141	-	-	-	-	**141**	-	**141**
Share rights issued	-	44	-	-	-	**44**	-	**44**
Total contributions by and distributions to owners	141	44	-	-	-	**185**	-	**185**
Balance at 31 December 2016	**204,054**	**9,014**	**(5,816)**	**-**	**(175,702)**	**31,550**	**14,136**	**45,686**

2015	Share capital $'000	Share based paymnents reserve $'000	Translation reserve $'000	Other components of equity $'000	Accumulated losses $'000	**Total $'000**	Non-controlling interest $'000	**Total equity $'000**
Balance at 1 January 2015	**168,828**	**8,970**	**(3,977)**	**1,593**	**(166,181)**	**9,233**	**14,668**	**23,901**
Loss for the year	-	-	-	-	(6,091)	**(6,091)**	(355)	**(6,446)**
Other comprehensive income								
Foreign currency translation differences	-	-	(1,376)	-	-	**(1,376)**	(21)	**(1,397)**
Total other comprehensive income	-	-	(1,376)	-	-	**(1,376)**	(21)	**(1,397)**
Total comprehensive income for the year	-	-	(1,376)	-	(6,091)	**(7,467)**	(376)	**(7,843)**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares	33,492	-	-	-	-	**33,492**	-	**33,492**
Conversion of convertible notess	1,593	-	-	(1,593)	-	**-**	-	**-**
Total contributions by and distributions to owners	35,085	-	-	(1,593)	-	**33,492**	-	**33,492**
Balance at 31 December 2015	**203,913**	**8,970**	**(5,353)**	**-**	**(172,272)**	**35,258**	**14,292**	**49,550**

The Consolidated Statement of Change in Equity is to be read in conjunction with the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the Year Ended 31 December 2016

	Note	**2016 $'000**	2015 $'000
Cash from operating activities:			
Payments to suppliers and employees		**(1,933)**	(1,791)
Financing costs and interest paid		**(369)**	(281)
Interest received		**6**	11
Research and development tax concession received		**1,116**	-
Total cash (used in) operating activities	*17*	**(1,180)**	(2,061)
Cash flows from investing activities:			
Payments for property, plant and equipment		**(22)**	(29)
Payments for exploration and evaluation expenditure		**(3,712)**	(2,912)
Net cash (used in) investing activities		**(3,734)**	(2,941)
Cash flows from financing activities:			
Proceeds from the issue of share capital		**-**	3,000
Payment of transaction costs on debt and/or equity		**-**	(450)
Proceeds from borrowings		**3,555**	4,272
Repayment of borrowings		**(205)**	(164)
Net cash from financing activities		**3,350**	6,658
Other activities:			
Net (decrease) in cash and cash equivalents		**(1,564)**	1,656
Net foreign exchange differences		**-**	2
Cash and cash equivalents at beginning of the year		**2,601**	943
Cash and cash equivalents at end of the year		**1,037**	2,601

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the consolidated financial statements.

1. REPORTING ENTITY

The consolidated financial statements cover the consolidated entity of Terramin Australia Limited and its controlled entities (the Group). Terramin Australia Limited is a listed public company, incorporated and domiciled in Adelaide, Australia. The Group is primarily involved in the development of, and exploration for, precious and base metals (in particular gold, zinc and lead) and other economic mineral deposits.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian interpretations) issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB). Terramin Australia Limited is a for-profit entity for the purpose of preparing the financial statements.

Terramin Australia Limited is a public company incorporated and domiciled in Australia. The address of its registered office is Unit 7, 202-208 Glen Osmond Road, Fullarton, SA, 5063.

The Preliminary Final Report was authorised for issue by the Directors on 28 February 2017.

(b) Basis of Measurement

The financial statements are presented in Australian dollars (AUD), have been prepared on an accruals basis and are based on historical costs, except for plant and equipment and derivative financial instruments measured at fair value and the provision for mine rehabilitation measured at the present value of future cash flows.

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with the Instrument, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(c) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During 2016, the Group incurred a loss of $3.6 million, bringing accumulated losses to $175.7 million. As at 31 December 2016 the Group's current liabilities exceeded its current assets by $14.1 million. The Group had net assets of $45.7 million.

The financial report has been prepared on a going concern basis on the expectation that the Group can raise additional debt or equity as required. The Directors are aware that additional debt or equity will be required within 12 months, in order to continue as a going concern. The Group's ability to raise equity will rely on investor confidence in the development of the Bird-in-Hand Gold project or that the $41.8 million investment in the Tala Hamza Zinc Project can be realised through mining or sale.

The Directors note that the matters outlined above indicate material uncertainty, which may cast significant doubt on the ability of the Group to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. At the date of this report, the Directors believe that the Group as adequate resources to continue to explore, evaluate and develop the Group's areas of interest and will ensure the Company has sufficient funds to meet its obligations. Subject to market conditions the Directors believe there are reasonable grounds to conclude that the Company will be able to raise funds by way of equity to fund anticipated activities and meet financial obligations. For the reasons outlined above the Board has prepared the Financial Report on a going concern basis.

Since 31 December 2016, the Company raised $4 million via a share placement with a new sophisticated investor based in Australia. Under the subscription agreement 25,000,000 shares were issued at a price of $0.16 per share.

(d) Use of Estimates and Judgements

The preparation of the financial statements in conformity to IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- *Note 3(i) - Exploration and Evaluation Expenditure: recoverable amount and ore reserve estimates.*
- *Note 3(k) - Provisions: estimated cost of rehabilitation, decommissioning and restoration.*
- *Note 3(l) - Share Based Entitlements and Payments: assumptions are required to be made in respect to measuring share price volatility, dividend yield, future option holding period and other inputs to the Black-Scholes option pricing model fair value calculations.*
- *Note 3(r) - Recognition of tax losses: assessment of the point in time at which it is deemed probable that future taxable income will be derived.*

2. BASIS OF PREPARATION *(continued)*

(e) New and Amended Standards Adopted by the Group

I. Changes in accounting policies

The accounting policies adopted in the preparation of this Annual Report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

II. Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended that potentially impact the Group but are not yet effective and have not been adopted by the Group for the annual reporting period ended 31 December 2016 are outlined below:

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a. Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.

b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI')
- the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

  Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

AASB 15 Revenue from Contracts with Customers

Replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

IFRS 16 – Leases

IFRS 16 will replace IAS 17 Leases for financial reporting periods beginning on or after 1 January 2019. Early

adoption is permitted for companies that also apply IFRS 15 Revenue from Contracts with Customers.

2. BASIS OF PREPARATION *(continued)*

The key features of the new standard are:

- elimination of classification of leases as either operating leases or finance leases for a lessee
- the recognition of lease assets and liabilities on the balance sheet, initially measured at present value of unavoidable future lease payments
- recognise depreciation of lease assets and interest on lease liabilities on the statement of profit or loss and other comprehensive income over the lease term
- separation of the total amount of cash paid into a principal portion and interest in the statement of cashflows
- short-term leases (less than twelve months) and leases of low-value assets (such as personal computers) are exempt from the requirements

As the standard was only issued post the end of the year end, management have not yet had an opportunity to fully consider the impact on the financial statements, however do not expect any material impact.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 December 2016. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of four months or less.

(c) Inventories

Non-current inventories represent inventories of spare parts and consumables which are not expected to be used within 12 months.

(d) Trade and Other Receivables

Trade and other receivables are recognised at cost and carried at original invoice amount less allowances for impairment losses.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

(e) Property, Plant and Equipment

Property

Freehold land is measured at cost and buildings are measured at amortised cost.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses recognised.

The depreciable amount of all property, plant and equipment, excluding freehold land, is depreciated on either a diminishing value, straight line or units of use basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable asset is the lesser of the rate determined by the life of the mining operation and:

Class of Asset	Depreciation rates
Motor vehicles	22.5 - 25%
Computer and office equipment	15 - 40%
Plant and equipment	5 - 33%
Leasehold improvements	20%
Buildings and other infrastructure	5 - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Impairment of Assets

Non-financial Assets

At each reporting date, the Group reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset is determined and compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised as an expense in the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised, with the exception that any previously impaired goodwill should not be re-recognised.

Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

Recoverable Amount

In assessing whether the carrying amount of an asset is impaired, the asset's carrying value is compared with its recoverable amount. The recoverable amount of non-financial assets or cash-generating units (CGU) is the greater of their fair value or realisable value less costs to sell and value in use. In assessing fair value, or value in use, estimates and assumptions including the appropriate rate at which to discount cash flows, the timing of the cash flows, expected life of the relevant area of interest, exchange rates, commodity prices, ore reserves, future capital requirements and future operating performance are used. The recoverable amount of an asset or CGU will be impacted by changes in these estimates and assumptions which could result in an adjustment to the carrying amount of that asset or CGU.

(g) Ore Reserves

Economically recoverable ore reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The Group historically determined and reported ore reserves under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2004 edition (the JORC code). Going forward the Group will determine and report ore reserves under the standards incorporated in the 2012 edition of the JORC code. The determination of ore reserves includes estimates and assumptions about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in a project's ore reserve impacts the assessment of recoverability of exploration and evaluation assets, property, plant and equipment and intangible assets, the carrying amounts of assets depreciated on a units of production basis, provisions for site restoration and the recognition of deferred tax assets, including tax losses.

(h) Investments in Associates and Joint Arrangements

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

(i) Exploration and Evaluation Expenditure

Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets (E&E assets) on an area of interest basis pending determination of the technical feasibility and commercial viability of the project. When a licence expires and is not expected to be renewed, is relinquished or a project is abandoned, the related costs are recognised in the profit or loss immediately. With respect to the Tala Hamza Zinc Project, all exploration and evaluation costs have been expensed for the year. As the exploration licence was renewed in 2016, the Company will resume carrying the value of E&E costs from that date.

Tangible and intangible E&E assets that are available for use are depreciated (amortised) over their estimated useful lives. Upon commencement of production, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the reserves.

E&E assets are assessed for impairment if (1) sufficient data exists to determine technical feasibility and commercial viability, and (2) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment note 3(f)). E&E assets are assessed for impairment when any of the following facts and circumstances exist:

- The term of the exploration license in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

E&E assets are transferred to development assets once the technical feasibility and commercial viability of an area of interest can be demonstrated. E&E assets are assessed for impairment, and any impairment loss is recognised prior to being reclassified.

Pre-licence expenditure and expenditure deemed to be unsuccessful is recognised in the profit or loss immediately.

(j) Trade and Other Payables

Trade payables and other payables are stated at cost.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Site restoration liability

A provision is recognised for the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during operation of the Angas Zinc Mine up to reporting date but not yet rehabilitated. The provision is based upon current cost estimates and has been determined on a discounted basis with reference to current legal requirements and technology. As the provision represents the discounted value of the present obligation, using a pre-tax rate that reflects current market assessments and the risks specific to the liability, the increase in value of the provision due to the passage of time will be recognised as a borrowing cost in the profit or loss in future periods. The provision is recognised as a non-current liability (in line with the expected timescales for the work to be performed), with a corresponding asset taken to account and amortised over the life of the mine. At each reporting date the rehabilitation liability is reviewed and re-measured in line with changes in discount rates and timing and the amounts of the costs to be incurred based on area of disturbance at reporting date. Changes in the liability relating to the re-assessment of rehabilitation estimates are recognised directly within the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share Based Payments

The Group uses share options to provide incentives to Directors, employees and consultants. During 2016, no options were issued to KMPs of the Group under the Terramin Australia Limited Employee Option Plan. The Board, upon the recommendation of the Nominations and Remuneration Committee, has discretion to determine the number of options to be offered to Eligible Employees (as that term is defined by the EOP) and the terms upon which they are offered, including exercise price and vesting conditions. The fair value of options at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate. The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised as an expense over the period during which the Directors, employees or consultants become unconditionally entitled to the options (vesting period).

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital.

The Group uses share rights to partly remunerate its CEO. Share rights are valued at grant date and are expensed to reflect amounts owing. Upon issue of the share rights an increase in equity is recognised.

(m) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (refer notes 11 and 24). Finance leases are capitalised at lease inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included as loans and borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the lesser of the asset's useful life and the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

An onerous lease contract arises when the unavoidable costs exceed the benefits expected to be generated by the contract. Where onerous leases are identified a provision for the present value of future payments is recognised.

(n) Loans and Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, loans and borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the profit or loss over the period of the borrowings on an effective interest basis. Loans and borrowings with a determinable payment due less than twelve months from reporting date are classified as current liabilities.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity when the conversion option meets the equity definition at inception.

(o) Financing Costs

Financing costs include interest payable on borrowings calculated using the effective interest method, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges, mark to market of USD denominated monetary assets and liabilities, and the impact of the unwind of discount on long-term provisions for site restoration.

Financing costs incurred in relation to the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other financing costs are expensed as incurred.

(p) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. The consolidated financial statements are presented in AUD, which is the Group's functional and presentation currency. Foreign currency monetary items are translated at the year-end exchange rate. Non- monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Foreign currency differences are recognised in the profit or loss.

The assets and liabilities of foreign operations are translated to AUD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to AUD at exchange rates at the dates of the transactions. These foreign currency differences at the reporting date are recognised directly in equity.

(q) Share Capital

Ordinary shares are classified as equity. Qualifying transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(r) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is credited in the profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Determination of future tax profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgements about commodity prices, ore reserves (note 3(g)), exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows.

Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

The Group is part of an income tax consolidated group under the Australian Tax Consolidation Regime.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(t) Revenue

Revenue from commodity sales is recognised when the risks and rewards of ownership have been transferred to the buyer, the quantity of the goods has been reasonably accurately determined, the price is determinable and recovery of consideration is probable. This is generally when title to the goods transfers to the buyer.

Commodity sales are recognised net of all discounts and pricing adjustments, refining and distribution costs as applicable based on either fixed or provisional pricing and assays. Commodity sale contracts allow for provisional prices and assays to be estimated where metal prices or final assays are not able to be established until future periods. Revenue on provisional commodity sales is adjusted in future periods as final pricing and assays are confirmed.

(u) Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises convertible notes and share options granted to employees, Directors, consultants and other third parties.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Segments

The consolidated entity has identified its operating segments to be its Australian interests and its International Northern African interests, based on the different geographical regions and the similarity of assets within those regions. This is the basis on which internal reports are provided to management for assessing performance and determining the allocation of resources within the consolidated entity.

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those segments operating in other economic environments.

Segment information is presented only in respect of the Group's geographical segments, being Australia and Northern Africa, which is the basis of the Group's internal reporting.

(w) Financial Risk Management

The Group's activities expose it to the following risks from the use of financial instruments:

Credit Risk

The risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from the Group's product sales, short term cash investments and derivatives.

Liquidity Risk

The risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages this exposure by targeting to have sufficient cash financing facilities available on demand to meet planned expenditure for a minimum period of 45 days (refer note 11 for detail on available financing facilities).

Market Risk

The risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Group's income or value of its holdings of financial instruments. The Group may enter into commodity derivatives, foreign exchange derivatives and may also incur financial liabilities (debt), in order to manage market risks. All such transactions are carried out within Board approved limits.

The Group's financial risks are managed primarily by the Chief Executive Officer, including external consultation advice as required, as a part of the day-to-day management of the Group's affairs.

Finance and risk reporting is a standard item in the report presented at each Board meeting.

Capital Management

The Board seeks to maintain a strong capital base sufficient to maintain the future development of the Group's business. The Board closely monitors the Group's level of capital so as to ensure it is appropriate for the Group's planned level of activities. There were no changes to the Group's approach to capital management during the year.

4. AUDITOR'S REMUNERATION

	2016 $	2015 $
Grant Thornton		
Audit and review of financial reports	**68,000**	68,000
Non-audit services[1]	**1,500**	2,000
	69,500	70,000

1. In 2016 there were investigative works performed regarding the timing of Algerian VAT recoverability.

5. FINANCE INCOME AND COSTS

	2016 $'000	2015 $'000
Finance income		
Interest income	**6**	11
Foreign exchange and commodity hedging gains	**-**	2
	6	13
Finance costs		
Interest on convertible notes	**-**	749
Interest on borrowings	**660**	469
Unwinding of discount on mine rehabilitation provision	**133**	147
Other borrowing costs	**592**	1,657
Foreign exchange and commodity hedging losses	**-**	956
	1,385	3,978

6. CASH AND CASH EQUIVALENTS

	2016 $'000	2015 $'000
Cash on hand	**2**	2
Bank balances	**1,012**	2,576
Short-term deposits[1]	**23**	23
	1,037	2,601

1. *Represents restricted cash to support a bond and minor credit card facilities.*

7. INVENTORIES

	2016 $'000	2015 $'000
Non-current		
Raw materials and consumables	**661**	**663**
Total inventories at the lower of cost and net realisable value	**661**	**663**

8. TRADE AND OTHER RECEIVABLES

	2016 $'000	2015 $'000
Other receivables	**106**	38
	106	38

At 31 December 2016, there are no receivables which are past their trading terms.

9. (a) PROPERTY PLANT AND EQUIPMENT

	2016 $'000	2015 $'000
Freehold land		
At cost	**4,271**	4,271
Total freehold land[1]	**4,271**	4,271
Buildings and other infrastructure		
At cost	**126**	126
Less accumulated depreciation	**(117)**	(117)
Total buildings and other infrastructure	**9**	9
Plant and Equipment		
At cost	**59,148**	59,145
Less accumulated impairment	**(14,219)**	(14,219)
Less accumulated depreciation	**(40,678)**	(40,649)
Total plant and equipment	**4,251**	4,277
Total property plant and equipment	**8,531**	8,557

1. The Directors have considered the recoverable amount of land based on a value in use calculation taking into account the future use of the land as the processing site for the Bird-in-Hand Gold Project.

9. (b) EXPLORATION AND EVALUATION ASSETS

	2016 $'000	2015 $'000
Exploration and evaluation		
At cost	**60,492**	57,735
Less impairment	**(4,214)**	(4,214)
Total exploration and evaluation	**56,278**	53,521

	2016 $'000	2015 $'000
Exploration and evaluation assets by location		
Oued Amizour Project (Terramin 65%)	**41,764**	41,431
Adelaide Hills Project (Terramin 100%)	**1,284**	1,617
Bird-in-Hand Gold Project (Terramin Exploration Pty Ltd 100%)	**7,904**	5,441
Menninnie Zinc Project (Menninnie Metals Pty Ltd 100%)	**5,326**	5,032
Total exploration and evaluation	**56,278**	53,521

The Tala Hamza Zinc Project is held by WMZ, an entity controlled by the Group.

Recoverability of the carrying amount of the exploration and evaluation asset is dependent on the successful development and commercial exploitation, or alternatively sale of the respective area of interest.

9. (b) EXPLORATION AND EVALUATION ASSETS *(continued)*

Movements in carrying amounts

	Freehold land $'000	Buildings and other infrastructure $'000	Plant and equipment $'000	Construction in progress $'000	Exploration and evaluation $'000	Total $'000
Opening carrying amount 1 Jan 2016	4,271	9	4,277	-	53,521	62,078
Additions	-	-	-	22	4,240	4,262
Disposals	-	-	-	-	-	-
Transfers	-	-	22	22	-	-
Exploration expensed	-	-	-	-	(948)	(948)
Depreciation and amortisation	-	-	(43)	-	-	(43)
Foreign currency movement	-	-	(5)	-	(533)	(538)
Carrying amount at 31 Dec 2016	**4,271**	**9**	**4,251**	**-**	**56,278**	**64,810**

	Freehold land $'000	Buildings and other infrastructure $'000	Plant and equipment $'000	Construction in progress $'000	Exploration and evaluation $'000	Total $'000
Opening carrying amount 1 Jan 2015	2,844	10	4,290	9	53,382	60,535
Additions	1,427	-	-	29	2,436	3,892
Disposals	-	-	-	-	-	-
Transfers	-	-	38	(38)	-	-
Exploration expensed	-	-	-	-	(987)	(987)
Depreciation and amortisation	-	(1)	(36)	-	-	(37)
Foreign currency movement	-	-	(15)	-	(1,310)	(1,325)
Carrying amount at 31 Dec 2015	**4,271**	**9**	**4,277**	**-**	**53,521**	**62,078**

10. TRADE AND OTHER PAYABLES

	2016 $'000	2015 $'000
Trade payables	**1,404**	859
Other payables and accrued expenses	**2,125**	1,232
	3,529	2,091

Trade and other payables are normally non-interest bearing and are settled on 30 days end of month terms.

11. BORROWINGS

	2016 $'000	2015 $'000
Current		
Lease liabilities (note 24(d))[1]	**6**	-
Loans - secured[2]	**10,801**	31
Loans - unsecured[3]	**650**	-
	11,457	31
Non-current		
Lease liabilities (note 24(d))[1]	**9**	-
Loans - secured [2]	**-**	7,917
	9	7,917
Financing facilities		
Loan facilities - available	**11,650**	10,000
Loan facilities - undrawn	**-**	(1,700)
Loan facilities - drawn	**11,650**	8,300
Less: unamortised transaction costs	**(199)**	(383)
Carrying amount at 31 December	**11,451**	7,917
Guarantee facility - available[4]	**5,315**	5,315
Guarantee facility - undrawn	**-**	-
Guarantee facility - drawn	**5,315**	5,315

1. Lease liabilities are effectively secured as rights to the leased assets revert to the lessor in the event of default.
2. At reporting date, the Group had fully drawn down $11 million of two loan facilities provided by Asipac. Interest is payable half yearly on the facilities and is fixed at a base rate of 7%. Interest can be paid in cash or shares at the election of the Group. The facility has a term expiring 31 October 2017.
3. An un-secured short-term facility of $0.65 million was provided by Asipac during the year to support working capital requirements. The facility has a term expiring 31 October 2017. Interest is fixed at a base rate of 7%, payable upon termination date.
4. A $5.3 million guarantee facility has been provided by Investec in relation to rehabilitation bonds required by Department of State Development (**DSD**) over the ML6229.

The carrying value of plant and equipment and mining property subject to finance loans and hire purchase contracts at 31 December 2016 was $12,100 (2015: nil). Assets under hire purchase contracts are pledged as security for the related finance loans and hire purchase liabilities.

The Guarantee Facility and the $5.0 million loan facility provided by Asipac to the Company (**Corporate Facility**) are secured under the terms of a security trust deed for which Investec acts as trustee (Security Trust Deed). The first ranking security interests created under the Security Trust Deed relates to all assets of the Company.

Under the terms of the $6.0 million loan facility provided to Terramin Exploration Pty Ltd (BIH Facility), the following first ranking securities have been granted to Asipac: a real property mortgage over land acquired at Bird-in-Hand, a general security interest over all the assets of Terramin Exploration Pty Ltd and a specific security over the shares of Terramin Exploration Pty Ltd. All security interests will be discharged upon repayment of all amounts due under the BIH Facility.

12. PROVISIONS

	2016 $'000	2015 $'000
Current		
Employee benefits	**314**	259
	314	259
Non-current:		
Employee benefits	**83**	70
Mine rehabilitation	**5,610**	5,540
	5,693	5,610

	Employee benefits $'000	Mine rehabili-tation $'000	Total $'000
At 1 January 2016	**329**	**5,540**	**5,869**
Increases in provisions	226	-	226
Change in assumptions	-	(63)	(63)
Unwind of discount	-	133	133
Paid during the period	(158)	-	(158)
At 31 December 2016	**397**	**5,610**	**6,007**

The mine rehabilitation provision is recognised for the estimated cost of rehabilitation, decommissioning, restoration and long term monitoring of areas disturbed during operation of the Angas Zinc Mine up to reporting date but not yet rehabilitated. The provision is based upon current cost estimates and has been determined on a discounted basis with reference to current legal requirements and technology. The provision has been calculated using a risk free discount rate of 2.43% (2015: 2.75%). The rehabilitation is expected to occur following the processing of ore from the Bird-in-Hand gold mine (subject to regulatory approvals).

13. ISSUED CAPITAL

(a) Ordinary shares

	2016 $'000	2015 $'000
1,795,996,987 (2015: 1,795,043,184)		
Ordinary shares	**208,903**	208,762
Share issue costs	**(4,849)**	(4,849)
	204,054	203,913

The holders of ordinary shares are entitled to one vote per share at meetings of the Company and participation in dividends declared. All issued shares are fully paid.

(b) Detailed table of capital issued during the year

Type of Share Issue	Date of Issue	Number of Ordinary Shares on issue	Issue Price $	Share Capital $'000
Opening balance 1 January 2016		**1,795,043,184**		**203,913**
Shares issued in lieu of directors fees	31/05/2016	81,699	0.12	10
Shares issued in lieu of directors fees	31/05/2016	231,054	0.13	29
Shares issued in lieu of directors fees	31/05/2016	219,511	0.16	34
Shares issued in lieu of directors fees	31/05/2016	212,190	0.16	34
Shares issued in lieu of directors fees	31/05/2016	209,349	0.16	33
Closing balance 31 December 2016		**1,795,996,987**		**204,054**
Share issue costs				-
Issued Capital				**204,054**

Type of Share Issue	Date of Issue	Number of Ordinary Shares on issue	Issue Price $	Share Capital $'000
Opening balance 1 January 2015		**1,404,009,037**		**168,828**
Conversion of convertible notes (Rainbow Dream)	4/02/2015	110,000,000	0.13	14,368
Shares issued in lieu of interest (Rainbow Dream)	4/02/2015	1,083,558	0.15	158
Shares issued in lieu of interest (Asipac)	3/06/2015	1,243,984	0.06	69
Shares issued in lieu of interest (Asipac)	3/06/2015	536,786	0.13	69
Shares issued in lieu of interest (Asipac)	3/06/2015	901,796	0.08	72
Shares issued in lieu of interest (Asipac)	3/06/2015	2,002,982	0.04	81
Shares issued in lieu of interest (Asipac)	3/06/2015	1,040,608	0.07	71
Shares issued in lieu of interest (Asipac)	3/06/2015	5,053,244	0.13	632
Conversion of convertible notes (Asipac)[1]	14/07/2015	249,825,703	0.07	16,238
Shares issued in lieu of interest (Asipac)	14/07/2015	2,706,551	0.12	327
Share placement	02/11/2015	16,638,935	0.18	3,000
Closing balance 31 December 2015		**1,795,043,184**		**203,913**
Share issue costs				-
Issued Capital				**203,913**

1. Includes the release of the other components of equity of $1,593,000.

14. RESERVES

(a) Foreign currency translation reserve

	2016 $'000	2015 $'000
Balance at the beginning of the year	**(5,353)**	(3,977)
Adjustment arising on translation into presentation currency	**(463)**	(1,376)
Balance at the end of the year	**(5,816)**	(5,353)

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(b) Other components of equity

	2016 $'000	2015 $'000
Balance at the beginning of the year	-	1,593
Conversion of convertible notes	-	(1,593)
Balance at the end of the year	**-**	**-**

The other components of equity reserve is used to record the equity component of compound financial instruments issued by the Group.

(c) Share based payments reserve

	2016 $'000	2015 $'000
Balance at the beginning of the year	**8,970**	8,970
Options issued during the year	**-**	-
Options exercised during the period	**-**	-
Share rights issued during the year	**44**	-
Share rights converted during the year	**-**	-
Balance at the end of the year	**9,014**	8,970
Total reserves	**3,198**	3,617

The share based payment reserve is used to recognise the value of equity-settled share-based payment transactions, including employees and KMP, as part of their remuneration.

Under the terms of the remuneration package of the Group's Chief Executive Officer, $87,500 will be paid in share rights under a Terramin Employee Share Rights Plan. The share rights will be issued quarterly and will be priced at a 5% discount to the volume weighted average price of the shares traded in the last 5 days of the relevant quarter. The share rights convert to ordinary shares 12 months after the date of issue. During the year, 330,563 share rights were issued.

15. NON-CONTROLLING INTEREST

	2016 $'000	2015 $'000
Balance at the beginning of the year	**14,292**	14,668
Share of movement in net assets	**(156)**	(376)
Balance at the end of the year	**14,136**	14,292

Movement in non-controlling interest in 2016 relates to the 35% minority interest (ENOF 32.5% and ORGM 2.5%) in exploration and evaluation costs for the Oued Amizour Zinc Project funded directly by the Group through its 65% shareholding in WMZ. During 2016, the Group funded approximately $1.1 million of exploration and evaluation costs in WMZ, of which ENOF and ORGM are entitled to $0.39 million (35%). The remainder of the movement is in relation to foreign exchange changes.

35% of all assets contributed to WMZ by the Group effectively accrue to ENOF and ORGM for nil consideration (other than forming part of the Group's 65% earn-in) and has therefore been included in movement in net assets attributable to the non-controlling interest.

Refer to note 19 for further disclosures with respect to material non-controlling interests.

16. INCOME TAX EXPENSE

	2016 $'000	2015 $'000
Prima facie tax benefit on loss before income tax at 30% (2015: 30%)	**(1,422)**	(2,270)
Decrease in income tax benefit due to:		
(Deductible)/non-deductible items	**10**	5
Deferred tax asset not brought to account	**(1,412)**	(2,265)
Research and development tax concession received	**1,116**	1,120
Unused tax losses for which no deferred tax asset has been recognised	**157,049**	149,981
Potential tax benefit	**47,115**	44,994
The applicable weighted average effective tax rates are as follows:	**30%**	30%

The Company is part of an Australian Tax Consolidated Group. The Australian Tax Consolidated Group has potential deferred tax assets of $44.5 million. These have not been brought to account because the Directors do not consider the realisation of the deferred tax asset as probable. The benefit of these tax losses will be obtained if:

a. *the Australian Tax Consolidated Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be realised;*

b. *the Australian Tax Consolidated Group can comply with the conditions for deductibility imposed by tax legislation; and*

c. *no changes in the income tax legislation adversely affect the Australian Tax Consolidated Group in realising the benefit from the deduction of the loss.*

In order to utilise the benefit of the tax losses, an assessment will need to be undertaken with regards to the continuity of ownership or same business tests.

17. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss from ordinary activities after income tax:

	2016 $'000	2015 $'000
Loss for the period	**(3,586)**	(6,446)
Adjustment for:		
Depreciation and amortisation	**44**	37
Unrealised (gain)/loss on foreign exchange	**-**	955
Non-cash inventory movements	**3**	573
Shares issued in lieu of interest	**-**	1,479
Share-based payment transactions (other)	**143**	-
(Profit)/loss on sale of fixed assets	**-**	-
Realised foreign exchange (gain)/loss	**-**	(2)
Net financing costs	**294**	1,041
Exploration and evaluation write-down	**498**	(219)
Other	**-**	38
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**(62)**	87
Decrease/(increase) in inventory	**-**	1
Decrease/(increase) in prepayments	**-**	(5)
(Decrease)/increase in trade payables and accruals	**1,417**	(475)
(Decrease)/increase in provisions	**69**	(72)
Cashflow (used in) operating activities	**(1,180)**	(2,061)

18. RELATED PARTIES

(a) Key management personnel compensation

Summary of Key Management Personnel (KMP) compensation:

	2016 $	2015 $
Short-term employee benefits	**1,071,050**	1,148,847
Post-employment benefits	**79,251**	86,044
Termination benefits	**-**	-
Share-based payments	**-**	-
	1,150,301	1,234,891

The amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to KMP. Amounts paid to KMP from prior years have been excluded from this table.

(b) Other transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Entities with significant influence over the Group

At 31 December 2016, Asipac owned 34.54% of the ordinary shares in Terramin (2015: 34.55%) and is controlled by Mr Sheng who is the Non-Executive Chairman of the Company. Mr Siciliano is the Chief Financial Officer of Asipac. Asipac has had the following transactions in the year:

	Asipac Group	
	2016 $'000	2015 $'000
Borrowings as at 1 January	**8,300**	20,458
Conversion of convertible notes during the year	**-**	(16,238)
Loans advanced during the year	**3,350**	4,380
Loan repayments in the year	**-**	(300)
Borrowings as at 31 December	**11,650**	8,300
Fees in relation to provision of underwriting services	**-**	459
Loan facility fees paid	**40**	412
Interest paid/payable	**1,105**	1,766
Amounts owed at year end	**2,045**	1,309
Interest and fees paid in shares during the year	**-**	1,321

Subsequent to the reporting period, interest payable on the loan facilities ($1.1m), as well as underwriting and loan facility fees ($0.8m) were repaid from funds raised.

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

On 6 November 2015, the Terramin Exploration Pty Ltd entered into a Marketing Agreement with Asipac Capital Pty Ltd, a related party of Asipac. The marketing Agreement appoints Asipac Capital as its marketing agent for the sale of gold products in Asian markets and China in particular.

There are no other related party transactions.

19. CONTROLLED ENTITIES

Name	Country of incorporation	Percentage 2016	2015
Parent Entity			
Terramin Australia Limited	Australia		
Subsidiaries of parent entity			
Menninnie Metals Pty Ltd	Australia	**100%**	100%
Western Mediterranean Zinc Spa	Algeria	**65%**	65%
Terramin Spain S.L.	Spain	**100%**	100%
Terramin Exploration Pty Ltd	Australia	**100%**	100%

Subsidiary with material non-controlling interests

The Group includes one subsidiary, Western Mediterranean Zinc Spa, with material Non-Controlling Interests ('NCI'):

	Proportion of Ownership Interests & Voting Rights held by the NCI		Profit/(Loss) Allocated to NCI		Accumulated NCI	
Name	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Western Mediterranean Zinc Spa	**35%**	35%	**(156)**	(355)	**14,136**	14,292

Summarised financial information for Western Mediterranean Zinc Spa, before intragroup eliminations, is set out below:

	2016 $'000	2015 $'000
Current assets	**117**	142
Non-current assets	**41,775**	41,448
Total assets	**41,892**	41,590
Current liabilities	**178**	66
Non-current liabilities	**-**	-
Total liabilities	**178**	66

	2016 $'000	2015 $'000
Revenue	-	-
Loss for the year	(449)	(987)
Other comprehensive income for the year (all attributable to owners of the parent)	-	-
Total comprehensive loss for the year	(449)	(987)
Net cash (used in) operating activities	(1,128)	(1,025)
Net cash used in investing activities	-	-
Net cash from financing activities	1,102	1,021
Net cash (outflow)	(26)	(4)

20. SEGMENT REPORTING

For management purposes, the Group is organised into business units based on geography and has two reportable operating segments:

a. Australia – explores, develops and mines zinc, lead and gold deposits

b. Northern Africa – developing a zinc deposit

No operating segments have been aggregated to form the above reportable operating segments.

	Australia		Northern Africa		Consolidated	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
Revenue						
External customers	**-**	-	**-**	-	**-**	-
Total Revenue	**-**	-	**-**	-	**-**	-
Results						
Depreciation and amortisation	**(43)**	(37)	**-**	-	**(43)**	(37)
Exploration and evaluation write down	**(499)**	-	**(238)**	(987)	**(948)**	(987)
Interest income	**6**	11	**-**	-	**6**	11
Interest expense	**(660)**	(1,218)	**-**	-	**(660)**	(1,218)
(Loss) before income tax	**(4,596)**	(6,579)	**(449)**	(987)	**(5,045)**	(7,566)
Income tax expense	**1,116**	1,120	**-**	-	**1,116**	1,120
(Loss) for the year attributable to equity holders of the Company	**(3,430)**	(6,091)	**-**	-	**(3,430)**	(6,091)
Operating assets	**24,802**	23,868	**41,892**	41,590	**66,694**	65,458
Operating liabilities	**21,172**	15,842	**178**	66	**21,350**	15,908
Other disclosures						
Capital expenditure[1]	**2,500**	2,905	**814**	-	**3,314**	2,905

1. *Capital expenditure consists of additions of property, plant and equipment, mine properties and development and exploration and evaluation assets.*

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

There are no transactions other than cash funding between reportable segments.

21. SHARE BASED ENTITLEMENTS AND PAYMENTS

The Group uses share options and share rights to provide incentives to Directors, employees and consultants. The Board, upon the recommendation of senior management, has discretion to determine the number of options to be offered to Eligible Employees (as that term is defined by the EOP) and the terms upon which they are offered, including exercise price and vesting conditions.

For the calendar year 2016, under the terms of the remuneration package of the Group's Chief Executive Officer, share rights under a Terramin Employee Share Rights Plan were issued. The share rights are issued quarterly and are priced at a 5% discount to the volume weighted average price of the shares traded in the last 5 days of the relevant quarter. The share rights convert to ordinary shares 12 months after the date of issue.

No options were issued to KMPs in 2016 (2015: Nil).

21. SHARE BASED ENTITLEMENTS AND PAYMENTS *(continued)*

(a) Number and weighted average exercise prices of share options

	Weighted average exercise price 2016	**Number of options 2016**	Weighted average exercise price 2015	Number of options 2015
Outstanding at 1 January	**$0.38**	**3,800,000**	$0.38	3,800,000
Granted during the period	**$0.00**	**-**	$0.00	-
Exercised during the period	**$0.00**	**-**	$0.00	-
Lapsed during the year	**$0.53**	**(300,000)**	$0.00	-
Outstanding at 31 December	**$0.135**	**3,500,000**	$0.38	3,800,000
Exercisable at 31 December	**$0.135**	**3,500,000**	$0.22	2,050,000

The options outstanding at 31 December 2016 have a weighted average contractual life of 1.46 years (2015: 2.3 years).

A balance of 3,500,000 options outstanding for the Group at 31 December 2016 were fully vested and exercisable. 300,000 options lapsed during the period.

(b) Options exercised during the year

During the year ended 31 December 2016 there were no options exercised (2015: Nil).

(c) Table of share options movement for the Group at 31 December 2016

Expiry Date	Number of options	Options expense this year $'000	Total option value $'000
Opening balance 1 January 2016	**3,800,000**	**-**	**-**
Lapsed during the period	(300,000)	-	-
Closing balance 31 December 2016	**3,500,000**	**-**	**-**

(d) Table of share options movement for the Group at 31 December 2015

Expiry Date	Number of options	Options expense this year $'000	Total option value $'000
Opening balance 1 January 2015	**4,800,0000**		
Options lapsed during the year	(1,000,000)	-	-
Closing balance 31 December 2015	**3,800,000**	**-**	**-**

During the year, no options were issued to employees and Executives of the Group.

(e) Shares issued in lieu of cash payments

Type of Share Issue 2016	Date of issue	Number of Ordinary Shares on issue	Issue Price $	Share Capital $'000
Shares issued in lieu of directors fees	31/05/2016	81,699	0.12	10
Shares issued in lieu of directors fees	31/05/2016	231,054	0.13	29
Shares issued in lieu of directors fees	31/05/2016	219,511	0.16	34
Shares issued in lieu of directors fees	31/05/2016	212,190	0.16	34
Shares issued in lieu of directors fees	31/05/2016	209,349	0.16	33
Total shares issued in lieu of cash payments		953,803		140

Type of Share Issue 2015	Date of issue	Number of Ordinary Shares on issue	Issue Price $	Share Capital $'000
Shares issued in lieu of interest (Rainbow Dream)	04/02/2015	1,083,558	0.15	158
Shares issued in lieu of interest (Asipac)	03/06/2015	1,243,984	0.06	69
Shares issued in lieu of interest (Asipac)	03/06/2015	536,786	0.13	69
Shares issued in lieu of interest (Asipac)	03/06/2015	901,796	0.08	72
Shares issued in lieu of interest (Asipac)	03/06/2015	2,002,982	0.04	81
Shares issued in lieu of interest (Asipac)	03/06/2015	1,040,608	0.07	71
Shares issued in lieu of interest (Asipac)	03/06/2015	5,053,244	0.13	632
Total shares issued in lieu of cash payments		11,862,958		1,152

(f) Shares rights issued in lieu of cash payments

Type of Share Rights Issue 2016	Date of issue	Number of Share Rights issued	Issue Price $	Share Capital $'000
Shares issued in lieu of salary and wages	23/05/2016	140,231	0.16	22
Shares issued in lieu of salary and wages	02/08/2016	190,332	0.11	22
Total shares issued in lieu of cash payments		330,563		44

There were no share rights issued during 2015. No share rights converted to ordinary shares during the year.

22. EMPLOYEE OPTION PLAN

(a) Current Options

No options were exercised and 300,000 options lapsed in 2016.

(b) Employee Incentive Plan

Terramin has established an Employee Incentive Plan. Shares are allotted to employees under this Plan at the Board's discretion.

The following options are currently on issue:

	No. of Options on issue	Issue Price	Fair Value $'000
Balance as at 1 January 2016	3,800,000	-	-
Issued during the financial year	-	-	-
Balance as at 31 December 2016	**3,800,000**	**-**	**-**
Lapsed during the financial year	(300,000)	-	-
Balance as at 31 December 2016	**3,500,000**	**-**	**-**

The fair value of options issued is calculated using the Black-Scholes Option Pricing Model.

23. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share at 31 December 2016 was based on the net loss attributable to equity holders of the Company of $3.4m (2015: $6.1m) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2016 of 1,795,602,400 (2015: 1,632,050,796), calculated as follows:

	2016 $'000	2015 $'000
Net loss for the year attributable to the equity holders of the Company	**(3,468)**	(6,091)
Ordinary shares on issue	**1,795,996,987**	1,795,043,184
Weighted average number of ordinary shares	**1,795,602,400**	1,632,050,796
Basic earnings per share (cents)	**(0.19)**	(0.37)

(b) Diluted earnings per share

The calculation of diluted earnings per share does not include potential ordinary shares on issue as to do so would have the effect of reducing the amount of the loss per share.

	2016 $'000	2015 $'000
Diluted earnings per share (cents)	**(0.19)**	(0.37)

24. COMMITMENTS AND CONTINGENCIES

There are contractual commitments at the reporting date as follows:

(a) Operating lease

Non-cancellable operating leases contracted but not capitalised in the financial statements payable:

	2016 $'000	2015 $'000
Within 1 year	**64**	28
One to five years	**3**	13
Total	**67**	41

24. COMMITMENTS AND CONTINGENCIES *(continued)*

(b) Minimum expenditure on exploration tenements of which the Group has title

As at 31 December 2016, there were minimum exploration commitments on exploration tenements as follows: Bremer, Currency Creek, Hartley, Kinchina, Langhorne Creek, Tepko and Pfeiffer, Kapunda, Lobethal, Mount Barker, Mount Pleasant and Mount Torrens have amalgamated minimum expenditure of $3 million over the 2 year period ending 30 June 2018. Note that Currency Creek and Langhorne Creek tenements were surrendered in early 2017. The minimum exploration commitments for Menninnie Dam, Nonning, Kolendo, Taringa and Wipipippee are currently under review. Mount Ive, Mount Ive South, Mulleroo, Tanner, Thurlga and Unalla have a requirement of $100,000, $180,000, $100,000, $210,000, $300,000 and $90,000 over two years respectively.

As at 31 December 2015, there were minimum exploration commitments on exploration tenements as follows: Bremer, Currency Creek, Hartley, Kinchina, Langhorne Creek, Tepko and Pfeiffer, Kapunda, Lobethal, Mount Barker, Mount Pleasant and Mount Torrens have amalgamated minimum expenditure of $2.9 million over the 2 year period ending 30 June 2016. The minimum exploration commitments for Menninnie Dam, Nonning, Kolendo, Taringa and Wipipippee are currently under review. Mount Ive, Unalla, Mount Ive South, Tanner and Thurlga have a requirement of $150,000, $90,000, $180,000, $210,000 and $300,000 over two years respectively.

(c) Capital expenditure commitments

	2016 $'000	2015 $'000
Within 1 year	**-**	-
Total	**-**	-

(d) Finance leases

There are no commitments in relation to finance leases at the end of the year.

	2016 $'000	2015 $'000
Within 1 year	**6**	-
Longer than 1 year and not longer than 5 years	**9**	-
Minimum lease payments	**15**	-
Less: future finance charges	**2**	-
Total lease liabilities	**13**	-
Representing		
Current	**4**	-
Non-current	**9**	-
	13	-

The interest rate implicit in the lease is 11.7%.

(e) Other commitments

Tala Hamza Zinc Project

In February 2006, the Group signed a joint venture agreement in respect of the Tala Hamza Zinc Project with ENOF, an Algerian Government company involved in exploration and mining activities. The Company agreed to manage and finance the joint venture until a decision to mine is made.

Bird-in-Hand acquisition

Terramin Exploration Pty Ltd agreed to purchase the Bird-in-Hand Gold Project from Maximus Resources Limited. Pursuant to a tenement sale and purchase agreement two further payments of $1 million each may become payable following approval of the Programme for Environmental Protection and Rehabilitation in respect of the Bird-in- Hand deposit and following the first shipment of mined gold respectively. A net smelter royalty will also become payable following the first shipment of mined gold.

Consultancy fee

Under the Technical Cooperation Agreement entered into with NFC up to an additional 8 million ordinary shares will be issued upon the Board of WMZ taking a decision to mine.

Finder's Fee

A second tranche of a finder's fee is payable to a non-related party and linked to the commencement of commercial production from the first producing mine established on the Oued Amizour tenement covered by the Algerian joint venture agreement with ENOF. The amount payable will be US$62,500 which will be converted into the Australian Dollar equivalent at the time of the contingent payment in the future, as well as 100,000 unlisted options exercisable at 25 cents each within 3 years of date of issue.

Bank Guarantees – Angas Zinc Mine

As at 31 December 2016, the Company had lodged bank guarantees having a face value of $5.3 million with the Department of State Development (DSD).

Litigation

As at the date of this report, the Company is not involved in any litigation.

25. EVENTS AFTER THE REPORTING DATE

On 2 February 2017, The Company raised $4 million via a share placement with a new sophisticated investor based in Australia. Under the subscription agreement, 25,000,000 shares were issued at a price of $0.16 per share.

In the Directors' opinion, no other events or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company or the Group, the results of those operations or the state of affairs of the Group in future years that have not been otherwise disclosed in this report.

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