ASX Announcement

30 August 2017

Interim Financial Accounts

Terramin Australia Limited (ASX: TZN) is pleased to provide the Company's financial accounts for the 6 months ending 30 June 2017.

The Board notes strong progress has been made towards the development of the Company's projects during and after that period.

Regarding the Tala Hamza Zinc Project, Terramin is finalising the revised Definitive Feasibility Study (**DFS**) and the Environmental Impact Statement (**EIS**) which form the basis for the mining lease application. This involved:

- the completion the hydrological drilling and water pump testing - the purpose of this work was to confirm the hydrogeological conditions in preparation for the final design of the mine and to further determine any environmental impact;
- the completion of the hydrological studies which have been presented to the joint venture partners and the Algerian regulator;
- the completion of the studies on the suitability of the dry stacking of tailings. This tailing management solution has been adopted by the partners as the preferred option to the traditional tailing dam.
- The delivery of the revised DFS by chapters to the Algerian partners and the regulator – this is expected to fast track process towards a decision to mine and mining lease approval.

The focus of the project team is to complete the drafting and translation of each chapter of the DFS and EIS for prompt submission to the Algerian party to proceed with the approval process.

The progress made at the Tala Hamza project bodes well for a rapid development of the project in a context of rising zinc prices (up approximately 20% since the beginning of the year and currently in excess of US$3,100 per tonne).

The company has also continued to make progress with the high grade Bird-in-Hand Gold Project near Adelaide. The Company:

- focused on completing the groundwater studies which are pivotal to the project;
- developed a surface layout design for the Bird-in-Hand Gold Project site in alignment with community feedback. The company also completed the risk assessment for the project in relation to the environmental, community and economic impacts;
- continued its ongoing community engagement programme which included the formation of a community consultative committee for the project (the Woodside Community Consultative Committee) and holding a number of meetings and discussions regarding the project.

Terramin Australia Ltd ACN 062 576 238
Unit 7, 202-208Glen Osmond Road, Adelaide, SA, 5000
F +61 8 8213 1416 info@terramin.com.au
T +61 8 8213 1415 www.terramin.com.au

- completed a number of necessary studies for the purpose of preparing a mining lease proposal as part of the mining lease application process. Pre-feasibility studies for ventilation systems, mining equipment requirements, material handling, backfill, traffic and storm water studies were also undertaken during the quarter.

Over the coming months the company will continue the engagement work with the community and its interaction with the regulator to be in a position to lodge a mining lease application as soon as possible.

In respect of the South Gawler Project, the board notes the new earn-in joint venture agreement with Evolution Mining Limited (**Evolution**) for exploration within the 11 tenements held in the northern Eyre Peninsula of South Australia. This is a very positive development as Evolution has a strong exploration team and share our views on the significant potential of this area of the Gawler Ranges (See ASX announcement dated 22 June 2017).

In addition, the Company has entered into a new joint venture regarding the potential development of a low cost in-situ recovery copper project near Kapunda, approximately 90 km north of Adelaide. This is a particularly interesting new project which may see the exploitation of a significant copper deposit which would be unlikely to be developed by traditional mining methods (see ASX Announcement dated 2 August 2017).

To continue advancing the work on the Tala Hamza Zinc Project and the Bird-in-Hand Gold Project, the Company and its major shareholder, have agreed to increase the short term loan facility to $2.95 million and more recently defer the repayment of $1 million (which was due on 30 August) to 31 October 2017 (unless an earlier date is otherwise agreed by the parties).

Commenting on the progress made, Terramin CEO, Mr Martin Janes, said: “It is pleasing to look back at the progress made in the last 8 months. The Tala Hamza Zinc Project and Bird in Hand Gold Project are both progressing towards development at a time when there is a global reduction in zinc supply, significant increase in zinc price and sustained positive outlook for gold price. We are also pleased with the ongoing support of existing shareholders”.

For further information, please contact:

Martin Janes
Chief Executive Officer
Terramin Australia Limited
+61 8 8213 1415
info@terramin.com.au

Unit 7,
202-208 Glen Osmond Road
Fullarton
SA
5063

TERRAMIN AUSTRALIA LIMITED

ABN 67 062 576 238

& Controlled Entities

INTERIM FINANCIAL REPORT

for the half-year ended 30 June 2017

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Appendix 4D

for the half-year ended 30 June 2017

Results for Announcement to the Market

(All comparisons to half-year ended 30 June 2016)	$'000	Up/Down	Movement %
Revenue from ordinary activities	-	-	-
Loss after tax from ordinary activities	(635)	down	73.4

Dividend Information

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
Interim 2017 dividend per share	**Nil**	**Nil**	**Nil**
Final 2016 dividend per share	Nil	Nil	Nil

Net Tangible Assets Per Security

	30 June 2017	30 June 2016
Net tangible assets per security	**0.03**	0.03

This information should be read in conjunction with the 2016 Annual Financial Report of Terramin Australia Limited and its controlled entities and any public announcements made in the period by Terramin Australia Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth) and the Australian Securities Exchange Listing Rules.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 30 June 2017.

The entities controlled by the Company during the period has not changed since the last reporting period.

This report is based on the consolidated financial statements for the half-year ended 30 June 2017 of Terramin Australia Limited and its controlled entities, which have been reviewed by Grant Thornton. The Independent Review Report provided by Grant Thornton is included in the consolidated financial statements for the half-year ended 30 June 2017.

Directors' Report

for the half-year ended 30 June 2017

Your Directors present their report on the consolidated entity comprising Terramin Australia Limited (the **Company or Terramin**) and its controlled entities (the **Group**) for the half-year ended 30 June 2017 and the review report thereon. Terramin is a public company, limited by shares incorporated and domiciled in Australia.

This report should be read in conjunction with the Company's 2016 Annual Financial Report.

BOARD OF DIRECTORS

The following persons were Directors of the Company during the whole of the half-year and up to and including the date of this report (unless stated otherwise):

Mr Feng (Bruce) Sheng	*Chairman - Non-Executive*
Mr Michael Kennedy	*Deputy Chairman - Non-Executive*
Mr Kevin McGuinness[1]	*Non-Executive Director*
Mr Angelo Siciliano	*Non-Executive Director*
Mr Xie Yaheng[2]	*Non-Executive Director*
Mr Wang Xinyu[3]	*Non- Executive Director*

1. Mr McGuinness is Chair of the Audit and Risk Committee and the Nominations and Remuneration Committee.
2. Mr Xie Yaheng retired from the board on 2 March 2017.
3. Mr Wang Xinyu was appointed to the board on 2 March 2017.

REVIEW OF OPERATIONS

Principal Activities

During the period there were no significant changes in the nature of the Group's principal activities. The Group 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.

Tala Hamza Zinc Project
(Terramin 65%)

The Tala Hamza Zinc Project is 100% owned by Western Mediterranean Zinc Spa (**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 (**CPE**) to create a joint venture between ENOF and Terramin for the development and mining of the Tala Hamza zinc-lead deposit.

During the period, Terramin and WMZ completed the ground work necessary for the finalization of the revised Definitive Feasibility Study (**DFS**). Terramin completed the hydrological drilling and water pump testing which purpose was to confirm the hydrogeological conditions in preparation for the final design of the mine and to further determine any environmental impact. Following the completion of the hydrological test campaign, the favourable results of the pumping tests and water analysis have now been incorporated in the hydrological studies which have been presented to the joint venture partners and the Algerian regulator, Agence Nationale des Activités Minières (**ANAM**). The receipt of these results will allow Terramin to finalise the mine design and environmental impact management plans.

Terramin and WMZ have also completed the studies on the suitability of the dry stacking of tailings. This tailing storage management solution was adopted by the partners as the better option to the traditional tailings dam. The outcomes of this study have been included in the revised DFS.

Terramin has also started the process of compiling the final documentation for the mining lease application which will incorporate recent project enhancements such as the dry stacking of tailings and the relocation of the processing plant. The documentation for the mining lease application also includes the delivery of an Environmental Impact Assessment which is also in preparation.

Bird-in-Hand Gold Project
(Terramin 100% through its wholly owned subsidiary Terramin Exploration Pty Ltd)

The Bird-in-Hand Gold Project is located approximately 30km north of Terramin's existing mining and processing facilities at the Angas Zinc Mine in Strathalbyn. The project has a high grade Resource of 252,000 ounces of gold which is amenable to underground mining. Subject to required regulatory approvals, the Bird-in-Hand material will be processed utilising the facilities at Angas which can be modified to process gold-bearing material. The existing tailings dam at Angas has the capacity to hold all the Bird-in-Hand tailings.

During the reporting period, the company focused on completing the groundwater studies which are pivotal to the project. A peer review of these studies have been completed in line with the minimum requirement expected by the mining regulator under the Ministerial Determination issued by the South Australian Government regarding the project.

The Company developed a surface layout design for the Bird-in-Hand Gold Project site in alignment with community feedback. The Company also progressed the risk assessment for the project in relation to the environmental, community and economic impacts.

The Company has now progressed or completed other studies including earthworks modelling, geotechnical modelling, soil contamination, visual amenity studies, noise, dust and vibration studies which are will be incorporated into the mining lease proposal.

In addition the company continued its ongoing community engagement programme which included the formation of a community consultative committee for the project (the Woodside Community Consultative Committee or WCCC) and holding a number of meetings and discussions regarding the project.

Adelaide Hills Exploration Project
(Terramin 100% and through its wholly owned subsidiary Terramin Exploration Pty Ltd)

The Adelaide Hills project consists of twelve contiguous exploration tenements that cover 3,492km^2 stretching 120km between Victor Harbor and Kapunda. This project area is considered prospective for gold, copper, lead, zinc and rare earth elements.

Terramin continued working on sampled historic drill core at Kapunda and Cambrai and engaged with third parties to discuss possible exploration joint ventures.

Directors' Report

for the half-year ended 30 June 2017 (continued)

(Formerly Gawler Ranges Project) South Gawler Project (Terramin 100% through its wholly owned subsidiary Menninnie Metals Pty Ltd)

The South Gawler Project is located along the southern margin of the Gawler Ranges, northern Eyre Peninsula, South Australia. The project comprises a group of eleven Exploration Licences totalling 4,395km^2. The Project area is prospective for a range of deposit styles that host combinations of gold, silver, copper, molybdenum, lead, zinc, rare earth elements, graphite, and tin ± tungsten. The Project hosts the Menninnie Dam deposit, the largest undeveloped lead-zinc deposit in South Australia.

During the reporting period, Menninnie Metals Pty Ltd (**MMPL**) entered into a A$6.0 million Earn-in and Joint Venture Agreement (**Agreement**) with Evolution Mining Limited (See ASX Announcement dated 22 June 2017).

Angas Zinc Mine
(Terramin 100%)

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

Environment

The Group (in particular the Company's Angas Zinc Mine and the Bird-in-Hand Gold Project) 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 and, in this regard, the Board considers and if required addresses these issues through the Audit and Risk Committee.

No environmental incidents were recorded during the period with all environmental monitoring areas directly related to site activities within compliance. Insofar as the Directors are aware, 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.

Corporate

During the reporting period, no existing options have been exercised or expired. No new options have been issued.

A total of 531,442 Share Rights have been issued to the Chief Executive Officer (**CEO**) as part of his remuneration during the reporting period. The fair value of the rights was $66,000.

A total of 140,231 Share Rights issued to the CEO in 2016 converted into fully paid ordinary shares during the reporting period.

FINANCIAL

The consolidated loss of the Group after providing for income tax and non-controlling interest was $0.6 million for the half-year ended 30 June 2017 (2016: $2.4 million).

Finance costs of $0.7 million were recorded for the period, representing borrowing costs and interest on borrowings. Following the approval of a revised Mine Closure Plan (**MCP**) by the Department of Premier and Cabinet (**DPC**) for the Angas Zinc Mine the existing provision was reduced to reflect updated rehabilitation cost estimates resulting in a $1.7 million gain being recognised for the period. Other administration costs of $1.2 million were incurred in relation to the Corporate administration and Angas mine site care and maintenance activities.

The consolidated net asset position as at 30 June 2017 was $48.3 million (2016: $46.4 million) with current liabilities exceeding current assets by $16.0 million (2016: $2.0 million).

No dividends were paid during the interim period and the Directors have not recommended the payment of a dividend.

SUBSEQUENT EVENTS

On 2 August 2017, Terramin announced that Terramin Exploration Pty Ltd, a wholly owned subsidiary of Terramin, has entered into a binding term sheet agreement in respect of the potential development of a low cost insitu recovery (ISR) copper project near Kapunda, South Australia, approximately 90 km north of Adelaide.

Since 30 June 2017, the short-term facility provided by Asipac Group Pty Ltd (**Asipac**) has been extended by $1.3 million.

After the end of the reporting period the Company received approval from the DPC for a revised MCP in respect of the Angas Zinc Mine which includes a revised closure cost estimate.

A repayment under the Short-term Facility, provided by the Asipac, of $1.0 million due on 31 August 2017 has been deferred to 31 October 2017 unless an earlier date is otherwise agreed by both parties

No other events or circumstances have arisen since the end of the financial period.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 30 June 2017 can be found on page 6 and forms part of the Directors' Report.

ROUNDING OF AMOUNTS

The Company 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.

Signed in Adelaide on the 30th day of August 2017 in accordance with a resolution of the Board of Directors.

Feng Sheng

Chairman - Non-Executive

Kevin McGuinness

Non-Executive Director

Directors' Report

for the half-year ended 30 June 2017 (continued)

GROUP TENEMENT LISTING

Terramin Australia Limited (100% Terramin)

Title Name and Location	Licence Number	Licence Area	Interest	Minimum Expenditure Commitment
Angas – South Australia	ML 6229	87.97ha	100%	Not applicable
Bremer – South Australia	EL 5924	387 km^2	100%	$3,000,000[1]
Hartley – South Australia	EL 5985	76 km^2	100%	Amalgamated with EL 5924
Kinchina – South Australia	EL 5252	28 km^2	100%	Amalgamated with EL 5924
Pfeiffer – South Australia	EL 5102	154 km^2	100%	Amalgamated with EL 5924
Tepko – South Australia	EL 5339	998 km^2	100%	Amalgamated with EL 5924
Cambrai – South Australia	EL 5662	89 km^2	100%	Amalgamated with EL 5924
Wild Horse – South Australia	EL 5846	462 km^2	100%	$180,000 to 8 September 2018

Western Mediterranean Zinc Spa (65% Terramin)

Title Name and Location	Licence Number	Licence Area	Interest	Minimum Expenditure Commitment
Oued Amizour – Algeria[2]	6911PEM	12,276 ha	100%	Not applicable

Terramin Exploration Pty Ltd (100% Terramin)

Title Name and Location	Licence Number	Licence Area	Interest	Minimum Expenditure Commitment
Kapunda – South Australia	EL 5262	624 km^2	100%	Amalgamated with EL 5924
Lobethal – South Australia	EL 5469	221 km^2	100%	Amalgamated with EL 5924
Mount Barker – South Australia	EL 5214	118 km^2	100%	Amalgamated with EL 5924
Mount Pleasant – South Australia	EL 5805	452 km^2	100%	Amalgamated with EL 5924
Mount Torrens – South Australia	EL 5568	93 km^2	100%	Amalgamated with EL 5924

Menninnie Metals Pty Ltd (100% Terramin)

Title Name and Location	Licence Number	Licence Area	Interest	Minimum Expenditure Commitment
Menninnie – South Australia	EL 5949	101 km^2	100%	$3,500,000[3]
Kolendo – South Australia	EL 5453	208 km^2	100%	Amalgamated with EL 5949
Nonning – South Australia	EL 5925	312 km^2	100%	Amalgamated with EL 5949
Taringa – South Australia	EL 5816	988 km^2	100%	Amalgamated with EL 5949
Wipipippee – South Australia	EL 4865	862 km^2	100%	Amalgamated with EL 5949
Mt Ive – South Australia	EL 5276	214 km^2	100%	Amalgamated with EL 5949
Mt Ive South – South Australia	EL 5430	394 km^2	100%	$320,000 to 19 June 2018
Tanner – South Australia	EL 5458	354 km^2	100%	$259,000 to 31 July 2018
Thurlga – South Australia	EL 5518	951 km^2	100%	$330,000 to 27 November 2017
Unalla – South Australia	EL 5266	155 km^2	100%	Amalgamated with EL 5949
Mulleroo – South Australia	EL 5855	210 km^2	100%	$100,000 over 2 years

1. Amalgamated Expenditure Arrangement (AEA) over 2 years ending 30 June 2018.
2. The Oued Amizour exploration licence was renewed for a period of 18 months on 4 February 2016 by Agence Nationale des Activités Minières (ANAM), the Algerian regulator. An application to extend the licence a further 6 months has been granted.
3. AEA over 3 years ending 31 December 2019.

Auditor's Independence Declaration

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration to the Members of Terramin Australia Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Terramin Australia Limited for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 30 August 2017

Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 30 June 2017

	Note	June 2017 $'000	June 2016 $'000
Raw materials, consumables and other direct costs		(352)	(383)
Employee expenses		(662)	(521)
Depreciation and amortisation	7	(22)	(21)
Rehabilitation Provision Adjustment	4	1,693	(321)
Exploration and evaluation expensed (Tala Hamza Zinc Project)		-	(222)
Other expenses		(561)	(277)
Profit/(loss) before net financing costs and income tax		96	(1,745)
Finance income	6	3	6
Finance costs	6	(734)	(644)
Net finance costs		(731)	(638)
Loss before income tax		(635)	(2,383)
Income tax expense		-	-
Loss for the period		(635)	(2,383)
Attributable to:			
Owners of the Company		(533)	(2,305)
Non-controlling interest		(102)	(78)
Loss for the period		(635)	(2,383)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(394)	(968)
Other comprehensive (loss)/income for the period		(394)	(968)
Total comprehensive (loss) for the period attributable to equity holders of the Company		(1,029)	(3,351)
Attributable to:			
Owners of the Company		(927)	(3,273)
Non-controlling interest		(102)	(78)
Total comprehensive loss for the period		(1,029)	(3,351)

(Loss) per share attributable to the ordinary equity holders of the Company:	Note	June 2017	June 2016
Basic (loss) per share - (cents per share)	14 (a)	(0.03)	(0.13)
Diluted (loss) per share - (cents per share)	14 (b)	(0.03)	(0.13)

The consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Consolidated Interim Statement of Financial Position

as at 30 June 2017

	Note	June 2017 $'000	December 2016 $'000
Assets			
Cash and cash equivalents		**99**	1,037
Trade and other receivables		**82**	106
Other assets		**149**	75
Total current assets		**330**	1,218
Non-current assets			
Inventories	*9*	**637**	661
Property, plant and equipment	*7*	**8,516**	8,531
Exploration and evaluation	*8*	**59,353**	56,278
Total non-current assets		**68,506**	65,470
TOTAL ASSETS		**68,836**	66,688
Liabilities			
Current liabilities			
Trade and other payables		**3,282**	3,529
Short term borrowings	*10*	**12,711**	11,457
Provisions	*11*	**287**	314
Total current liabilities		**16,280**	15,300
Non-current liabilities			
Long term borrowings	*10*	**13**	9
Provisions	*11*	**4,228**	5,849
Total non-current liabilities		**4,241**	5,858
TOTAL LIABILITIES		**20,521**	21,158
NET ASSETS		**48,315**	45,530
EQUITY			
Share capital	*13*	**207,824**	204,054
Reserves		**2,849**	3,199
Accumulated losses		**(176,392)**	(175,859)
Total equity attributable to equity holders of the Company		**34,281**	31,394
Non-controlling interest		**14,034**	14,136
TOTAL EQUITY		**48,315**	45,530

The consolidated interim statement of financial position is to be read in conjunction with the notes to the financial statements.

Consolidated Interim Statement of Changes in Equity

for the half-year ended 30 June 2017

2017	Share capital $'000	Share based payments reserve $'000	Translation reserve $'000	Accumulated losses $'000	**Total $'000**	Non-controlling interest $'000	**Total equity $'000**
Balance at 1 January 2017	**204,054**	**9,014**	**(5,815)**	**(175,859)**	**31,394**	**14,136**	**45,530**
Loss for the period	-	-	-	(533)	**(533)**	(102)	**(635)**
Other comprehensive (loss)/income							
Foreign currency translation differences	-	-	(394)	-	**(394)**	-	**(394)**
Total other comprehensive (loss)/income	-	-	(394)	-	**(394)**	-	**(394)**
Total comprehensive (loss)/income for the period	-	-	(394)	(533)	**(927)**	(102)	**(1,029)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	4,000	-	-	-	**4,000**	-	**4,000**
Share issue costs	(252)	-	-	-	**(252)**	-	**(252)**
Share rights issued	-	66			**66**		**66**
Share rights converted	22	(22)	-	-	**-**	-	**-**
Total contributions by and distributions to owners	3,770	44	-	-	**3,814**	-	**3,814**
Balance at 30 June 2017	**207,824**	**9,058**	**(6,209)**	**(176,392)**	**34,281**	**14,034**	**48,315**

2016	Share capital $'000	Share based payments reserve $'000	Translation reserve $'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 period	-	-	-	(2,305)	**(2,305)**	(78)	**(2,383)**
Other comprehensive (loss)/income							
Foreign currency translation differences	-	-	(968)	-	**(968)**	-	**(968)**
Total other comprehensive (loss)/income	-	-	(968)	-	**(968)**	-	**(968)**
Total comprehensive (loss)/income for the period	-	-	(968)	(2,305)	**(3,273)**	(78)	**(3,351)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	141	-	-	-	**141**	-	**141**
Share rights	-	22	-	-	**22**	-	**22**
Total contributions by owners	-	22	-	-	**163**	-	**163**
Balance at 30 June 2016	**204,054**	**8,992**	**(6,321)**	**(174,577)**	**32,148**	**14,214**	**46,362**

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Consolidated Interim Statement of Cash Flows

for the half-year ended 30 June 2017

	June 2017 $'000	June 2016 $'000
Cash from operating activities:		
Payments to suppliers and employees	**(808)**	(1,494)
Financing costs and interest paid	**(234)**	(261)
Interest received	**3**	6
Total cash (used in) operating activities	**(1,039)**	(1,749)
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	**(10)**	(8)
Exploration and evaluation expenditure	**(2,739)**	(1,698)
Net cash (used in) investing activities	**(2,749)**	(1,706)
Cash flows from financing activities:		
Proceeds from the issue of share capital	**4,000**	-
Payment of transaction costs on debt and/or equity	**(1,168)**	-
Proceeds from borrowings	**1,212**	1,190
Repayment of borrowings	**(1,194)**	(108)
Net cash from financing activities	**2,850**	1,082
Other activities:		
Net (decrease) in cash and cash equivalents	**(938)**	(2,373)
Net foreign exchange differences	**-**	(2)
Cash and cash equivalents at beginning of the period	**1,037**	2,601
Cash and cash equivalents at end of the period	**99**	226

The consolidated interim statement of cash flows is to be read in conjunction with the notes to the financial statements.

Condensed Notes to the Consolidated Interim Financial Statements

for the half-year ended 30 June 2017

NOTE 1: REPORTING ENTITY

Terramin Australia Limited is a listed public company, incorporated and domiciled in Australia. The consolidated interim financial report as at and for the half-year ended 30 June 2017, covers the consolidated entity of Terramin Australia Limited and its controlled entities (together referred to as the Group).

NOTE 2: BASIS OF PREPARATION

(a) Statement of Compliance

The consolidated interim financial report is a general purpose financial report that has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 (Cth).

The consolidated interim financial report was authorised for issue by the Directors on the 30th day of of August 2017.

(b) Reporting Basis

The consolidated interim financial report does not include full disclosures of the type normally included in an annual financial report, and therefore it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2016, and any public announcements made by the Company during the interim reporting period in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001 (Cth).

Where required by accounting standards, comparative figures have been reclassified to conform with changes in presentation in the current interim financial period.

The Company 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.

This report has been prepared in Australian dollars on the basis of 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.

(c) Estimates

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2016.

(d) 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 the 2017 interim period, the Group incurred a loss of $0.6 million, bringing accumulated losses to $176.4 million. As at 30 June 2017, the Group's current liabilities exceeded its current assets by $16.0 million and had operating and investing cash outflows during the interim period of $2.8 million.

The financial report has been prepared on a going concern basis as the expectation is that the Group can raise additional equity or restructure debt when required. 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 $43.4 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. As at the date of this report, the Directors believe that the Group has adequate resources to continue to explore, evaluate and develop the Group's area 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, debt financing or sale of assets 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 December 2016.

NOTE 4: REHABILITATION PROVISION ADJUSTMENT

Subsequent to the end of the period, the Company received approval from the DPC for a revised MCP for the Angas Zinc Mine. Incorporated into the newly approved MCP is a revised closure cost estimate which was significantly less that the provision being carried in the Company's accounts. On this basis the company has revised the rehabilitation provision calculation as at balance date based on the revised cost estimate using a risk free discount rate of 2.49% (December 2016: 2.67%). The rehabilitation is expected to occur following the processing of ore from the Bird-in-Hand Gold Project (subject to regulatory approvals).

The impact of the revised cost estimates was to recognise a gain in the current period of $1.69 million.

Condensed Notes to the Consolidated Interim Financial Statements

for the half-year ended 30 June 2017 (continued)

NOTE 5: SEGMENT REPORTING

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

- Australia – explores, develops and mines zinc, lead and gold deposits
- Northern Africa – developing a zinc and lead deposit

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

	Australia		Northern Africa		Consolidated	
	June 2017 $'000	June 2016 $'000	**June 2017 $'000**	June 2016 $'000	**June 2017 $'000**	June 2016 $'000
Revenue						
External customers	**-**	-	**-**	-	**-**	-
Total revenue	**-**	-	**-**	-	**-**	-
Results						
Depreciation and amortisation	**(22)**	(21)	**-**	-	**(22)**	(21)
Exploration and evaluation expensed	**-**	-	**-**	(222)	**-**	(222)
Interest income	**3**	6	**-**	-	**3**	6
Interest expense	**(408)**	(292)	**-**	-	**(408)**	(292)
Loss before income tax	**(343)**	(2,161)	**(292)**	(222)	**(635)**	(2,384)
Income tax expense	**-**	-	**-**	-	**-**	-
(Loss)/gain for the year for the operating segment	**(343)**	(2,161)	**(292)**	(222)	**(635)**	(2,384)
(Loss)/gain for the year attributable to non-controlling interest	**-**	-	**(102)**	(78)	**(102)**	(78)
(Loss) for the year attributable to equity holders of the Company	**(343)**	(2,161)	**(190)**	(144)	**(533)**	(2,306)
Operating assets	**25,266**	23,052	**43,570**	40,899	**68,836**	63,951
Operating liabilities	**19,210**	17,505	**1,311**	82	**20,521**	17,587
Other disclosures						
Capital expenditure[1]	**1,430**	1,308	**1,593**	476	**3,023**	1,784

1. Capital expenditure consists of additions of property, plant and equipment and exploration and evaluation assets. There are no transactions other than cash funding between reportable segments.

NOTE 6: OTHER INCOME & EXPENSES

	June 2017 $'000	June 2016 $'000
Finance income		
Interest income	**3**	6
Total finance income	**3**	6
Finance costs		
Interest on borrowings	**(408)**	(292)
Unwinding of discount on mine rehabilitation provision	**(51)**	(56)
Other borrowing costs	**(275)**	(296)
Total finance costs	**(734)**	(644)

Condensed Notes to the Consolidated Interim Financial Statements

for the half-year ended 30 June 2017 (continued)

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Buildings and other infrastructure $'000	Plant and equipment $'000	Construction in progress $'000	**Total $'000**
Opening carrying amount 1 January 2017	4,271	9	4,251	-	**8,531**
Additions	-	-	-	10	**10**
Disposals	-	-	-	-	**-**
Transfers	-	-	10	(10)	**-**
Depreciation and amortisation	-	(2)	(20)	-	**(22)**
Foreign currency movement	-	-	(3)	-	**(3)**
Carrying amount at 30 June 2017	**4,271**	**7**	**4,238**	**-**	**8,516**

	Freehold land $'000	Buildings and other infrastructure $'000	Plant and equipment $'000	Construction in progress $'000	**Total $'000**
Opening carrying amount 1 January 2016	4,271	9	4,277	-	**8,557**
Additions	-	-	-	22	**22**
Disposals	-	-	-	-	**-**
Transfers	-	-	22	(22)	**-**
Depreciation and amortisation	-	-	(43)	-	**(43)**
Foreign currency movement	-	-	(5)	-	**(5)**
Carrying amount at 31 December 2016	**4,271**	**9**	**4,251**	**-**	**8,531**

NOTE 8: EXPLORATION AND EVALUATION ASSETS

	June 2017 $'000	December 2016 $'000
Exploration and evaluation		
Opening carrying amount	**56,278**	53,521
Additions	**3,387**	3,790
Exploration write-off	**-**	(498)
Foreign currency movement	**(312)**	(535)
Total exploration and evaluation	**59,353**	56,278

Exploration and evaluation assets by location		
Tala Hamza Zinc Project (Terramin 65%)	**43,419**	41,764
Adelaide Hills Project (Terramin 100%)	**1,356**	1,285
Bird-in-Hand Gold Project (Terramin Exploration Pty Ltd 100%)	**9,046**	7,903
Menninnie Zinc Project (Menninnie Metals Pty Ltd 100%, farm-out joint venture)	**5,532**	5,326
Total exploration and evaluation	**59,353**	56,278

The Oued Amizour exploration license (which incorporates the Tala Hamza Zinc Project) was re-issued by Agence Nationale des Activités Minières (ANAM), the Algerian regulator, on 4 February 2016 for a period of 18 months, which has been extended by a further 6 months to January 2018.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on either the successful development and commercial mining or sale of respective areas of interest.

NOTE 9: INVENTORIES

	June 2017 $'000	December 2016 $'000
Non-current		
Raw materials and consumables	**637**	661
Total inventories at the lower of cost and net realisable value	**637**	661

Inventories of mining supplies are recognised as non-current to reflect the period in which they will be utilised

Condensed Notes to the Consolidated Interim Financial Statements

for the half-year ended 30 June 2017 (continued)

NOTE 10: BORROWINGS

	June 2017 $'000	December 2016 $'000
Current		
Lease liabilities	**8**	6
Loans - other [1]	**134**	-
Loans - secured [2]	**10,919**	10,801
Loans - unsecured [3]	**1,650**	650
	12,711	11,457
Non-current		
Lease liabilities	**13**	9
Total non-current borrowings	**13**	9

	June 2017 $'000	December 2016 $'000
Financing facilities		
Loan facilities - available	**12,650**	11,650
Loan facilities - undrawn	**-**	-
Loan facilities - drawn	**12,650**	11,650
Less: unamortised transaction costs	**(82)**	(199)
Carrying amount at balance date	**12,568**	11,451
Guarantee facility - available [4]	**5,315**	5,315
Guarantee facility - undrawn	**-**	-
Guarantee facility - drawn	**5,315**	5,315

1. The Group has an insurance premium funding arrangement at the reporting date.

2. As at the reporting date, the Group had fully drawn down $11.0 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%. The facilities have a term expiring on 31 October 2017. There are $0.1 million of unamortized transaction costs being carried in relation to the two loan facilities.

3. A $1m extension to the existing short-term facility was provided by Asipac during the period to support working capital requirements. This facility was fully drawn ($1.65m) at the end of the period. The facility has a term expiring 31 October 2017. Interest is fixed at a base rate of 7%, payable upon termination date.

   Since the end of the period, this facility has been increased by $1.3 million, bringing the total facility to $2.95 million. This facility is currently drawn to $2.7 million.

4. A $5.3 million guarantee facility has ben provided by Investec in relation to rehabilitation bonds required by DPC over the ML 6229. This facility is renewable annuallyand currently expires 30 September 2017.

NOTE 11: PROVISIONS

	June 2017 $'000	December 2016 $'000
Current		
Employee benefits	**287**	314
Total current provisions	**287**	314
Non-current		
Employee benefits	**102**	83
Mine rehabilitation	**4,126**	5,766
Total non-current provisions	**4,228**	5,849

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 with a contingency 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 2.49% (December 2016: 2.67%). The rehabilitation is expected to occur following the processing of ore from the Bird-in-Hand Gold Project (subject to regulatory approvals).

NOTE 12: FAIR VALUE OF ASSETS AND LIABILITIES

The fair values of the financial assets and liabilities of the Group are equal to the carrying amount in the financial report. In the case of loans and borrowings it is considered that the variable rate debt and associated credit margin is in line with current market rates and therefore is carried in the interim financial report at fair value.

Condensed Notes to the Consolidated Interim Financial Statements

for the half-year ended 30 June 2017 (continued)

NOTE 13: ISSUED CAPITAL

Table of issued capital for the half-year ended 30 June 2017:

Type of Share Issue	Date of issue	Number of ordinary shares on issue	Issue Price $	Share capital $'000
Opening balance 1 January 2017		**1,795,996,987**		**204,054**
Share placement[1]	02-Feb-17	25,000,000	0.16	4,000
Share rights converted[2]	23-May-17	140,231	0.16	22
Closing balance 30 June 2017		**1,821,137,218**		**208,076**
Share issue costs				(252)
Issued Capital				**207,824**

1. During the period the Company issued 25,000,000 shares via a share placement with a sophisticated investor based in Australia at a price of $0.16 per share.
2. During the period, following the completion of the performance conditions, 140,231 share rights were converted to ordinary shares in accordance with the terms of the Terramin Employee Share Rights Plan.

Table of issued capital for the year ended 31 December 2016:

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-May-16	81,699	0.12	10
Shares issued in lieu of Directors Fees	31-May-16	231,054	0.13	29
Shares issued in lieu of Directors Fees	31-May-16	219,511	0.16	34
Shares issued in lieu of Directors Fees	31-May-16	212,190	0.16	34
Shares issued in lieu of Directors Fees	31-May-16	209,349	0.16	34
Closing balance 31 December 2016		**1,795,996,987**		**204,054**
Share issue costs				-
Issued Capital				**204,054**

Condensed Notes to the Consolidated Interim Financial Statements

for the half-year ended 30 June 2017 (continued)

NOTE 14: EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

	June 2017 $'000	June 2016 $'000
Net loss for the period attributable to the equity holders of the Company	**(533)**	(2,306)
Ordinary shares on issue	**1,821,137,218**	1,795,996,987
Weighted average number of ordinary shares	**1,816,607,313**	1,795,205,645
Basic loss per share (cents)	**(0.03)**	(0.13)

(b) Diluted (loss)/earnings per share

	June 2017 $'000	June 2016 $'000
Diluted (loss) per share (cents)	**(0.03)**	(0.13)

The calculation of diluted loss 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.

NOTE 15: RESERVES

(a) Foreign currency translation reserve

	June 2017 $'000	June 2016 $'000
Balance at the beginning of the year	**(5,815)**	(5,353)
Adjustment arising on translation to presentation currency	**(394)**	(462)
Balance at the end of the year	**(6,209)**	(5,815)

(b) Share based payments reserve

	June 2017 $'000	June 2016 $'000
Balance at the beginning of the year	**9,014**	8,970
Share rights issued during the period	**66**	44
Share rights converted during the period	**(22)**	-
Balance at the end of the year	**9,058**	9,014
Total reserves	**2,849**	**3,199**

NOTE 16: SHARE BASED PAYMENTS

For the calendar year 2017, under the terms of the remuneration package of the Group's CEO, $87,500 will be paid in Share Rights under a Terramin Employee Share Rights Plan. The share rights are earned 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.

Table of share rights movements for the period ended 30 June 2017:

	Date	Number of share rights	Price	Share rights $'000
Opening balance 1 January 2017		**330,563**		**44**
Share rights issued	2 February 2017	230,945	0.095	22
Share rights issued	2 February 2017	162,615	0.135	22
Share rights issued	4 April 2017	137,882	0.159	22
Share rights converted	23 May 2017	(140,231)	0.156	(22)
Closing balance 30 June 2017		**721,774**		**88**

NOTE 17: EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 2 August 2017, Terramin announced that Terramin Exploration Pty Ltd, a wholly owned subsidiary of Terramin, has entered into a binding term sheet agreement in respect of the potential development of a low cost insitu recovery (ISR) copper project near Kapunda, South Australia, approximately 90 km north of Adelaide.

Since 30 June 2017, the short-term facility provided by Asipac Group Pty Ltd (**Asipac**) has been extended by $1.3 million.

After the end of the reporting period the Company received approval from the DPC for a revised MCP in respect of the Angas Zinc Mine which includes a revised closure cost estimate.

A repayment under the Short-term Facility, provided by the Asipac Group Pty Ltd, of $1.0 million due on 31 August 2017 has been deferred to 31 October 2017 unless an earlier date is otherwise agreed by both parties.

In the Directors' opinion, no other events or circumstances have arisen since the end of the financial period 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 financial years that have not been otherwise disclosed in this report.

Directors' Declaration

The Directors of the Company declare that:

The financial statements and notes, as set out on pages 7 to 16:

(a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and

(b) give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in Adelaide on the 30th day of August 2017 in accordance with a resolution of the Board of Directors.

Feng Sheng
Chairman - Non-Executive

Kevin McGuinness
Non-Executive Director

Independent Review Report

to the Members of Terramin Australia Limited

GrantThornton

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report
To the Members of Terramin Australia Limited

Report on the Review of the Financial Report

Conclusion

We have reviewed the accompanying 30 June 2017 financial report of Terramin Australia Limited (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the period ended on that date, a description of accounting policies, other selected explanatory notes, and the directors declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the 30 June 2017 financial report of Terramin Australia Limited does not give a true and fair view of the financial position of the Group as at 30 June 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(d) in the half year financial statements, which indicate that the consolidated entity incurred a net loss of $0.63 million for the half year ended 30 June 2017 bringing accumulated losses to $176.4 million. In addition, the Group incurred a net cash outflow of $3.8 million from operating and investing activities. The consolidated entity continues to be reliant upon completion of capital raising or the raising of additional debt for continued operations and the provision of working capital. As stated in Note 2(d), these events or conditions, along with other matters as set forth in Note 2(d), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Review Report

to the Members of Terramin Australia Limited (continued)

Directors Responsibility for the Half Year Financial Report

The directors of Terramin Australia Limited are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial reporting is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2017 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. As the auditor of Terramin Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 30 August 2017

Unit 7

202-208 Glen Osmond Road

Fullarton, 5063

South Australia

t: +61 8 8213 1415

f: +61 8 8213 1416

e: info@terramin.com.au

w: www.terramin.com.au

TERRAMIN AUSTRALIA LIMITED