



TERRAMIN AUSTRALIA LIMITED

1st Quarter Report 2018

HIGHLIGHTS

- Tala Hamza Zinc Project
 - Completion of mining lease application ready to be submitted subject to joint resolution of the Tala Hamza partners
 - Continued engagement with the Algerian regulator and government.
- Bird-in-Hand Gold Project
 - EPBC clearance for the project
 - Community consultation continued including with regular meetings of the Woodside Community Consultative Committee
 - MAR Drilling Preparation underway
 - Initial formal feedback from DPC regarding draft mining proposal
- Adelaide Hills Exploration
 - Maiden Inferred resource at Kapunda: 47.4 million tonnes grading 0.25% copper containing approximately 119,000 tonnes of copper

TALA HAMZA ZINC PROJECT

100% owned by Western Mediterranean Zinc Spa (WMZ)

Terramin holds a 65% shareholding in WMZ. The remaining 35% is held by two Algerian government-owned companies: Enterprise Nationale des Produits Miniers Non-Ferreux et des Substances Utiles Spa (ENOF) (32.5%) and Office National de Recherche Géologique et Minière (ORGM) (2.5%). The Oued Amizour Exploration Permit 6911 PEM is a 125km² tenement which contains several lead-zinc deposits including the Tala Hamza Zinc deposit.

Update

During the quarter, the joint venture partners have continued working together to ensure that all aspects of the completed revised Definitive Feasibility Study is accepted by the relevant decision makers within the Algerian regulator. The partners have continued to provide all the required information to the Algerian regulator in the format that the regulator requires for the mining lease application process.

Terramin is awaiting for a formal approval from its partners for the lodgement of the mining lease proposal.

During the quarter the cash expenditure on the project was \$367,545.



Competent Person Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Eric Whittaker, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Whittaker is a full time employee of Terramin Australia Limited. Mr Whittaker has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Whittaker consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

BIRD-IN-HAND GOLD PROJECT

100% owned by Terramin subsidiary Terramin Exploration Pty Ltd

The Bird-in-Hand Gold Project is located approximately 30km north of Terramin's existing mining and processing facilities at the Angas Zinc Mine (Angas). The project has a high grade Resource of 588,000 tonnes at 13.3g/t for 252,000 ounces of gold.

It is anticipated that, subject to required regulatory approvals, the Bird-in-Hand ore will be processed utilising the facilities at Angas which can be modified to process gold-bearing material. The existing tailings dam at Angas has the capacity to hold all the Bird-in-Hand tailings.

Update

During the quarter, the Company received a referral decision from the Federal Department of Environment and Energy that the mine proposal at Bird-in-Hand is not a controlled action under the Environment Protection and Biodiversity Conservation Act 1999 (Cth) (**EPBC Act**). This means that the company's project and mitigation of any impacts to matters of national significance satisfies the requirements of the EPBC Act and has received clearance thereunder.

During the reporting period, the Company continued to engage with the Department of the Premier and Cabinet (**DPC**) in respect of the draft mining lease proposal (**MLP**) for the development of the Bird-in-Hand Gold Project.

While the DPC reviews and provides feedback on the draft MLP, the company has been preparing a Managed Aquifer Recharge (**MAR**) drilling program to test, further calibrate the groundwater modelling and subsequently confirm the best locations for the water reinjection bores for the mining operation. This program consist of drilling water bores, obtain drainage permits and install monitoring piezometers. This program will allow to ascertain the suitability, via calibrated numerical modelling, of the fractured rock aquifer for a MAR scheme as key part of the water management for the Bird-in-Hand Gold Project. MAR schemes are a proven and effective water management and preservation technique used in many industries, including mining. Terramin successfully managed a similar MAR scheme during the operations of the Angas Zinc Mine.

A Program for Exploration Program for Environmental Protection and Rehabilitation has been submitted to the mining regulators for the MAR drilling for which approval is expected shortly.

In addition to consultation with government bodies, the Company has also continued its ongoing community consultation in line with the Company's Community Engagement Plan. This included personal interactions with landholders, presentation to local government and meetings of the community consultative committee for the project (the Woodside Community Consultative Committee or **WCCC**). The WCCC met monthly during the quarter to discuss and provide input regarding various aspects of the project. The WCCC is providing key information to refine the outcomes that will be used to develop the detailed regulatory triggers for every environmental aspect of the project, as well as ongoing consultation regarding the construction, operation and rehabilitation after mine closure of the Project.

During the quarter the cash expenditure on the project was \$267,362.

SOUTH GAWLER PROJECT

100% owned by Terramin subsidiary Menninnie Metals Pty Ltd in joint venture with Evolution Mining Limited which retains earn-in rights

Terramin's South Gawler Project is located along the southern margin of the Gawler Ranges, northern Eyre Peninsula, South Australia. The Project comprises a group of seventeen Exploration Licences totalling 8321km² and one new Exploration Licence Application for 637km². 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. Menninnie Metals Pty Ltd (MMPL) entered into an Earn-in and joint venture agreement with Evolution Mining Limited (Evolution)(ASX: EVN) in June 2017 to explore the tenements.

Update

In June 2017, MMPL entered into a \$6.0 million earn-in and joint venture agreement (**Agreement**) with Evolution.

Exploration under the joint venture primarily targeted Iron Oxide Copper Gold (**IOCG**) deposits, comparable to those that formed major breccia-hosted IOCG deposits (such as the Olympic Dam, Prominent Hill and Carrapateena deposits) elsewhere in the Gawler Craton.

Interpretation of data from the JV's detailed gravity survey that focused on outcropping iron-rich vein and breccia systems in the central 10% of the South Gawler Project area indicates a low probability for a large subsurface ironstone occurrence in that area. Based on results from the detailed survey area Evolution has determined there is insufficient evidence to support the presence of an IOCG target of significant size at that location. As a result, Evolution has elected to exit the joint venture with Menninnie Metals.

Terramin is following up regional geochemical and field mapping results for the project that indicate new prospective areas fitting its target size and type requirements.

All expenses on the project have been met by Evolution under the terms of the Joint Venture Agreement.

ANGAS ZINC MINE

100% owned and operated by Terramin

A 400,000 tpa operation that produced zinc and lead-copper-silver-gold concentrates is currently in care and maintenance. The Angas deposit was mined until late 2013 and shut down due to the devaluation of zinc metal at the time. 1.3m tonnes of zinc and lead mineralisation at a combined grade of 5.4% remain within the mining lease. Processing operations are expected to resume upon the start of mining of the Bird-in-Hand deposit.

Update

The Angas Zinc Mine (**AZM**) site continues to be maintained in accordance with the approved Mine Care and Maintenance Plan and is operating in compliance with its lease conditions.

The Company continues to prepare a Miscellaneous Purposes Licence (**MPL**) required in order to utilise the processing facility at Angas for the processing of ore from the Bird-in-Hand Gold Project. The MPL proposal continues to be drafted, as impact assessments are updated to reflect the proposed changes.

The Strathalbyn Community Consultation Committee and the Company met during the quarterly with the Company providing updates on the Company's progress with utilise its plans to use the Angas processing facility for the processing of Bird-in-Hand gold ore.

Terramin continues to engage with third parties to utilise the existing infrastructure at AZM in order to maximise the site's potential. During the term the company entered into an agreement with Global Aquatica for a tailing dam water treatment trial. Global Aquatica is a company that specialises in the treatment of water and tailings by removal of metals. This trial is undertaken at no cost to Terramin and, if successful, may allow to reduce Terramin's liability regarding the tailings dam rehabilitation.

During the quarter the cash expenditure on the project was \$175,416.



Angas Zinc Mine Plant

ADELAIDE HILLS EXPLORATION

100% owned by Terramin and Terramin subsidiary Terramin Exploration Pty Ltd

The Adelaide Hills Project consists of twelve contiguous exploration tenements that cover 3702 km² and stretch from Lake Alexandrina to Kapunda. This project area is considered highly prospective for gold, copper, lead, zinc and rare earth elements.

Update

The Adelaide Hills has a long history of mining and was the site of Australia's first base metals mine (Glen Osmond, 1841) and first gold mine (Victoria Mine, 1846). From 1841 to 1851 virtually all of Australia's metalliferous mines were located in South Australia. Over 250 historic gold and copper mines and prospects are located on Terramin's Adelaide Hills tenements.

Exploration activities have been limited during the quarter as the company focuses on its resources on progressing the Bird in Hand Gold Project and the Tala Hamza Zinc Project.

During the quarter, joint venture partner and in-situ recovery (**ISR**) specialist Environmental Copper Recovery SA Pty Ltd (**ECR**) and Terramin released a copper resource for the Kapunda Project. A maiden ISR Resource was defined with an Inferred Resource of 47.4 million tonnes grading 0.25% copper containing approximately 119,000 tonnes of copper.

The joint venture is investigating the potential to extract copper through ISR from the shallow mineralised halo around the historic Kapunda Mine workings. Following an extensive review of historical drill data, historical mining records along with additional test work, TEL and ECR have estimated a combined Resource of 47.4Mt at 0.25% copper using a 0.05% copper cut off (Table A). Please refer the company's announcement released on 12 February 2018.

Type	Mt	Copper (%)	Copper tonnes
Copper oxide	30.3	0.24	73,000
Secondary copper sulphide	17.1	0.27	46,000
Total	47.4	0.25	119,000

Table A: Kapunda 2018 Resource estimates reported at a 0.05% cut off.

In addition, ECR completed preliminary fracture model incorporating underground voids and received scope/quote for MODFLOW solute transport modeling and groundwater modelling. ECR collected a number of geochem samples and continued reviewing drill core stored at South Australia Drill Core Reference Library.

The cash expenditure relating to the Adelaide Hills tenements was \$130,389.

CORPORATE

During the reporting period the board has resolved to restructure the board and senior management roles to ensure appropriate focus on the critical government permitting phase of the Tala Hamza Zinc Project as announced earlier in January.

Mr Bruce Sheng has assumed the role of Executive Chairman taking a greater role in the permitting phase to develop the project. Mr Xinyu Wang, a Non-Executive Director of Terramin and Vice President of NFC (China Nonferrous Metal Industry's Foreign Engineering and Construction Co Ltd), has moved into an executive director role. Along with current Board member, Mr Kevin McGuinness, Mr Sheng and Mr Wang form a dedicated committee of the Board to work with senior management focused on finalising project approvals from the various Algerian regulatory, and the grant of the formal mining lease.

Mr Martin Janes has transitioned from the role of CEO into an executive corporate role. He has overall management responsibility for Terramin's corporate and finance functions as well as the Australian projects and exploration activities including the key Bird-in-Hand Gold Project.

During the reporting period, 1,750,000 options expired unexercised and 162,615 share rights converted to shares. These shares are issued as compensation for Mr Janes in accordance with the terms of his employment contract.

As at 31 March 2018, the Company's cash balance was \$1,01 million.

CORPORATE INFORMATION

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DIRECTORS AND MANAGEMENT

Feng (Bruce) Sheng
Michael H Kennedy
Kevin McGuinness
Angelo Siciliano
Wang Xinyu

Executive Chairman
Non-Executive Deputy Chairman
Non-Executive Director
Non-Executive Director
Executive Director

Martin Janes
Scott Salisbury
Stéphane Gauducheau

Executive Officer
General Manager - Tala Hamza Project
Legal Counsel and Company Secretary

CAPITAL STRUCTURE

as at 31 March 2018

Shares on issue	1,869,478,040
Unlisted Options	1,750,000
Unlisted Share Rights	123,331