Appendix 4D Statement

TERRAMIN AUSTRALIA LIMITED

Current reporting period: 6 months ended 30 June 2019

Previous corresponding period: 6 months ended 30 June 2018

The entities controlled by the Terramin Australia Limited during the period has not changed since the last reporting period.

Results for Announcement to the Market	Movement %	30 June 2019 A$'000	30 June 2018 A$'000
Revenue from ordinary activities	NIL	-	-
Loss after tax from ordinary activities	UP 8%	(2,720)	(2,526)
Net loss for the period	UP 16%	(3,252)	(2,798)

Operating and Financial Review

There was no revenue from ordinary activities for the half year ended 30 June 2019.

The commentary on the consolidated results and outlook, including changes in the state of affairs and likely developments of the consolidated entity, are set out in the Review of Operations section of the Directors Report. Further Appendix 4D disclosure requirements can be found in the 30 June 2019 Interim Financial Report and accompanying notes.

Dividends Information

There were no dividends paid in, or proposed for, the half-year ended 30 June 2019.

Net Tangible Assets per Security	30 June 2019	30 June 2018
Net tangible assets per security	0.024	0.025

Independent Auditors Report

The consolidated financial statements upon which this Appendix 4D is based have been audited and the Independent Auditors Report to the members of Terramin Australia Limited is included in the attached Interim Financial Report.

Further Information

It is recommended that the 2019 half-year report is read in conjunction with the 31 December 2018 Annual Financial Report of Terramin Australia Limited and its controlled entities together with any public announcements made in the period by Terramin Australia Limited during the half-year ended 30 June 2019 in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth) and the Australian Securities Exchange Listing Rules.

2019 Interim Financial Report

TERRAMIN

Contents

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Auditors

Grant Thornton Audit Pty Ltd

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Adelaide, South Australia, 5000

Share Registry

Computershare Investor Services Pty Ltd

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Adelaide, South Australia, 5000
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Australian Securities Exchange

ASX ticker code: **TZN**

Corporate Information

Directors

Feng Sheng
Executive Chairman

Michael Kennedy
Non-Executive Deputy-Chairman

Angelo Siciliano
Non-Executive Director

Kevin McGuinness
Non-Executive Director

Wang Xinyu
Executive Director

Chief Executive Officer & Company Secretary

Richard Taylor

Acting Chief Financial Officer

Andre van Driel

Directors’ Report

for the Half-year Ended 30 June 2019

Your Directors submit their report on the consolidated entity Terramin Australia Limited (the Company or Terramin) and its controlled entities (the Group), for the half-year ended 30 June 2019 and auditor’s report.

Directors

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

Feng Sheng	**Executive Chairman**
Michael H Kennedy	**Non-Executive Deputy-Chairman**
Angelo Siciliano	**Non-Executive Director**
Kevin McGuinness[1]	**Non-Executive Director**
Wang Xinyu	**Executive Director**

1. Mr. McGuiness is Chair of the Audit and Risk Committee and the Nominations and Remuneration Committee.

Principal Activities

During the period, 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 $2.7 million for the half-year ended 30 June 2019 (2018: $2.5 million). The major contributors to the result were development costs, interest and administration expenditure in relation to Australian and overseas operations.

The consolidated net asset position as at 30 June 2019 was $44.8 million, decreased from $47.4 million as at 31 December 2018.

Review of Operations

During the period, the Company continued to focus on the exploration, evaluation and development of base and precious metal projects in Australia and Algeria. Highlights for each of the Company’s major projects are reported below.

North African Projects

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 legal entity between ENOF and Terramin.

During the reporting period, Terramin and WMZ engaged in detailed technical and financing meetings with Algerian authorities. Discussions have moved on from technical matters, particularly the mining method, to project financing.

Further desktop work on optimisation of the Tala Hamza mine plan and processing schedule was undertaken. Terramin is awaiting a formal approval from its partners for the lodgment of the mining lease.

Presidential elections have been slated for the second half of 2019. The government has been operating in a caretaker capacity. Major decisions are likely to be taken only after elections and ministerial appointments have been confirmed. Terramin will consider appropriately timing its application to allow any new appointments to become familiar with the project before being asked to consider the application.

The Tala Hamza exploration license expired on 1 February 2018. Its renewal is not required as WMZ will lodge a mining lease application immediately after the project partners have resolved to take a decision to mine. WMZ is entitled to a two year grace period should it be required.

Australian Projects

Bird-in-Hand Gold Project (including Angas Zinc Mine and Processing Facility)

(Terramin / 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 (AZM). The project has a high grade Resource of 265,000 ounces of gold 12.6g/t, which is amenable to underground mining. Terramin announced the results of an updated Scoping Study in October 2018. The project has robust financials, including results of Nominal NPV8 $A101 and IRR 96%, that is strengthened by the current A$ gold price environment (at a record level above $2,000 per ounce). 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.

AZM is located 2 km outside the town of Strathalbyn, 60 km south east of Adelaide. The mine is currently in care and maintenance pending the outcome of study work on resumption of processing the remaining resource, exploration at depth and near mine, in addition to evaluation of the Bird-in-Hand Gold Project. The site remains in compliance with all lease conditions.

During the reporting period, the Company successfully completed the final phase of the Managed Aquifer Recharge (MAR) trial (ASX: TZN 4th April 2019). The MAR program is a $1.1m trial of the water management system for the proposed re-opening of the Bird-in-Hand Mine.

Directors' Report (continued)

The Company reached a major milestone with the lodgement of the Mining Lease Application (MLA) for its Bird-in-Hand Project and the Miscellaneous Purpose Lease (MPL) to allow the AZM site to treat the Bird-in-Hand ore (ASX: TZN 25th June 2019). The South Australian Department for Energy and Mining (DEM) have since validated the application and started a 10 week public consultation program, ending on 20th September 2019.

Terramin commenced preparing the Program for Environment Protection and Rehabilitation (PEPR) which is largely covered by the preparatory works already undertaken for the MLA and MPL.

In addition, the Company continued its community engagement programme which included regular meetings of the Woodside and Strathalbyn Community Consultative Committees for the project, allowing community members to provide valuable input into the proposed project.

Adelaide Hills Project

(Terramin / Terramin Exploration Pty Ltd 100%)

The Adelaide Hills Project consists of eleven exploration tenements that cover 3,481km² largely over the southern Adelaide Fold Belt. This project area is considered prospective for gold, copper, lead and zinc. In addition to Bird-in-Hand Gold Project and the Kapunda Copper Project current active project areas include Kitticoola and Wild Horse goldfields.

During the reporting period, Terramin acquired a 100% holding of Private Mine 53, from Kitticooler Holdings Pty Ltd (ASX: TZN 9th January 2019). PM 53 covers the historic Kitticoola copper gold mine located 2.5km south of Palmer and approximately 62km by road from Terramin's AZM at Strathalbyn.

The Kitticoola Mine operated between 1846 and 1869 as a copper mine producing 7,000 tonnes of ore at an estimated average grade of 2.25% copper. The gold potential was not realised until 1890 when the mine intermittently produced 30,000 tonnes of ore at an average recovered grade of 5.4 g/t.

Mineralisation in the mine area is comprised of nine lodes, with only three, the Baker, Mastermann and Anstey lodes having been opened to any extent. The lodes occupy two sets of tensional fractures within the Palmer Fault. Lodes occur within the Palmer Granite as narrow veins ranging from 1m to 15m in width and 30m to 200m in length. In 1981 CRA Exploration Pty Ltd (CRA) evaluated the remnant mineralisation in the oxide and sulphides zones as having average grades of 5.24g/t gold and 0.55% copper and 14.52g/t gold and 4.45% copper respectively.

Terramin's exploration geologists have undertaken reconnaissance and due diligence work with the permission of the owner of PM 53. This work confirmed the previous publicly available information and published results. Terramin will evaluate Kitticoola by drilling to test the modelled down plunge extension of the Mastermann Lode.

During the reporting period, the Company entered into an earn-in agreement with Freeport-McMoRan Exploration Australia Pty Ltd (Freeport) (ASX: TZN 5th June 2019) for exploration of the Wild Horse tenement which covers approximately 462 km² and is located 15 kms east of Murray Bridge. Exploration will primarily target the distinct Wild Horse aerial magnetic anomaly located on the western edge of a magnetic granite pluton. The Wild Horse anomaly exhibits the classic Western Pacific porphyry deposit style of ringed magnetic zonation, a magnetic core surrounded by a demagnetized peripheral zone. The magnetic body is 1300m by 2000m and has been modelled from approximately 100m to a depth of 1400m.

The key terms of the agreement are that Freeport may earn a 51% interest in the project if it spends A$3 million on exploration over four years. Freeport may elect to earn an additional 24% interest (total 75%) by spending a further A$20 million over six years, after which the Company and Freeport can proportionally contribute or dilute. If Terramin's interest dilutes to below 10%, this converts to a 1% NSR Royalty.

Kapunda Copper Joint Venture

(Terramin Exploration Pty Ltd 100%, subject to farm-out)

In August 2017, Terramin entered into an agreement with Environmental Copper Recovery Pty Ltd (ECR) in respect of the potential development of a low cost in situ recovery (ISR) copper project near Kapunda, South Australia, approximately 90 km north of Adelaide. The joint venture will be investigating the potential to extract through ISR the copper from shallow oxide ores in and around the historic Kapunda Mine workings. If field leaching tests are successful, then a feasibility study of the project to produce copper (and possibly gold) will be commissioned. Under the terms of the agreement, ECR can earn a 50% interest in the project after spending $2.0 million and a further 25% after spending an additional $4.0 million.

Subject to the completion of this expenditure, Terramin will retain 25% and receive a 1.5% royalty in respect of all metals extracted by the joint venture.

Terramin and ECR have estimated a combined Resource of 47.4 million tonnes at 0.25% copper containing 119,000 tonnes of copper using a 0.05% copper cut off. This Resource estimate is only in respect of that part of the Kapunda mineralisation that is considered amendable to ISR (copper oxides and secondary copper sulphides) and only reports mineralisation that is within 100 metres of the surface. ECR was successful in 2018 in securing $2.6m in government funding to pursue the ISR testwork.

During the reporting period, CSIRO commenced baseline hydrological surveys for the Kapunda ISR Project. To aid hydrogeological modelling magnetotelluric data was collected from 87 sites covering an area of approximately 1km2 located between the historic Kapunda mine workings and the Light River.

Directors' Report (continued)

South Gawler Project Joint Venture

(Menninnie Metals Pty Ltd (MMPL) 100%)

The Southern Gawler Ranges Project is located in the Gawler Craton of South Australia, an area that is becoming increasingly recognised as an under-explored region with high discovery potential. The project comprises a group of eleven Exploration Licenses totaling 4,524km^2 and are located 100 kms west of Port Augusta. The project area is prospective for a range of deposit styles that host combinations of gold, silver, copper, lead and zinc. The project hosts the Menninnie Dam deposit, the largest undeveloped lead-zinc deposit in South Australia. The lodes at Menninnie Central and Viper have been combined to estimate a JORC 2004 compliant Inferred Resource totaling: 7.7Mt @ 3.1% Zn, 2.6% Pb and 27g/t Ag, at a 2.5% Pb+Zn cut-off (ASX: TZN 1st March 2011).

The Company entered into an earn-in agreement with Freeport for exploration of the South Gawler Ranges tenements (ASX: TZN 4th July 2019).

The key terms of the agreement are that Freeport may earn a 70% interest in the project if it spends A$3 million on exploration over four years. Freeport may elect to earn an additional 10% interest (total 80%) by spending a further A$5 million over six years, after which the Company and Freeport can proportionally contribute or dilute. If Terramin's interest dilutes to below 10%, this converts to a 1% NSR Royalty.

Corporate

During the period the Company and its major shareholder Asipac (Asipac Group Pty Ltd), agreed to restructure and increase the existing Standby Term Facility from $8.25 million to $9.75 million. The $5 million Corporate Facility, $6 million Bird-in-Hand Facility and the $9.75 million Standby Term Facility continue on terms that expire on 31 October 2019.

A review event occurred regarding the Investec Bank plc (Investec) guarantee facility relating to the $5.3 million environmental rehabilitation bond required by the South Australian Government over Mining Lease 6229. Pursuant to that review event, Terramin is required to refinance the facility by 31 August 2019 unless an extension is granted. Terramin advanced commercial discussions on a replacement cash backed guarantee facility.

Business Development Activities

The Company continued to identify, assess and, where appropriate, pursue the acquisition of interests in advanced mining projects. The Company negotiated the acquisition of Private Mine 53 (PM53) which contains the historic Kitticoola Mine. The negotiations culminated in signing of the agreement in January 2019.

Terramin entered into two agreements with Freeport covering the Wild Horse and South Gawler Ranges tenements. Exploration activity is expected to commence in the coming Quarter, ending 30th September 2019.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group during the year, other than as referred to in this report.

Subsequent Events

Apart from the matters below, there are no other matters or circumstances that have arisen since 30 June 2019 that have significantly affected or may significantly affect either the entities operations or state of affairs in future years or the results of those operations in future years.

Under the Security Trust Deed with Investec, which covers the environmental rehabilitation closure bond at the Angas Zinc Mine, a review event occurred on 31 May 2019. Investec required the Facility to be refinanced by 31 August 2019 unless extended. Terramin has established a new bank guarantee and is proceeding to cash back the security.

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 (Tala Hamza, Menninnie, Angas and Kapunda Resources and Exploration Results) and Mr Dan Brost (Bird-in-Hand Resource), both being Competent Persons who are Member(s) of The Australasian Institute of Mining and Metallurgy (AusIMM).

Mr Whittaker is employed as the Regional Exploration Manager of Terramin and Mr Brost is a geologist consulting to Terramin. Mr Whittaker and Mr Brost have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person(s) as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Whittaker and Mr Brost consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled or reviewed by Mr Luke Neesham, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Neesham is Principal Mining Engineer for GO Mining Pty Ltd a consulting firm engaged by Terramin Australia Limited to prepare mining designs and schedules for the Tala Hamza Feasibility Study. Mr Neesham has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Neesham consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Directors' Report (continued)

Non-audit Services

The Company may decide to employ the auditor, Grant Thornton on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid or payable to the auditor for non-audit services provided during the year are set out below.

The Board of directors has considered the position, and in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the period the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Non-assurance services	**Jun 2019 $'000**	Jun 2018 $'000
Tax advice and compliance services	16	-
Total	**16**	**-**

Auditor's independence declaration

The Auditor's Independence Declaration for the half-year ended 30 June 2019 can be found on page 8 and forms part of the Directors' Report.

Rounding

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 this 29th day of August 2019 in accordance with a resolution of the Board of Directors.

Feng Sheng
Executive Chairman

Kevin McGuinness
Non-Executive Director

Auditor's Independence Declaration

Grant Thornton

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Auditor's Independence Declaration

To the Directors 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 2019, 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

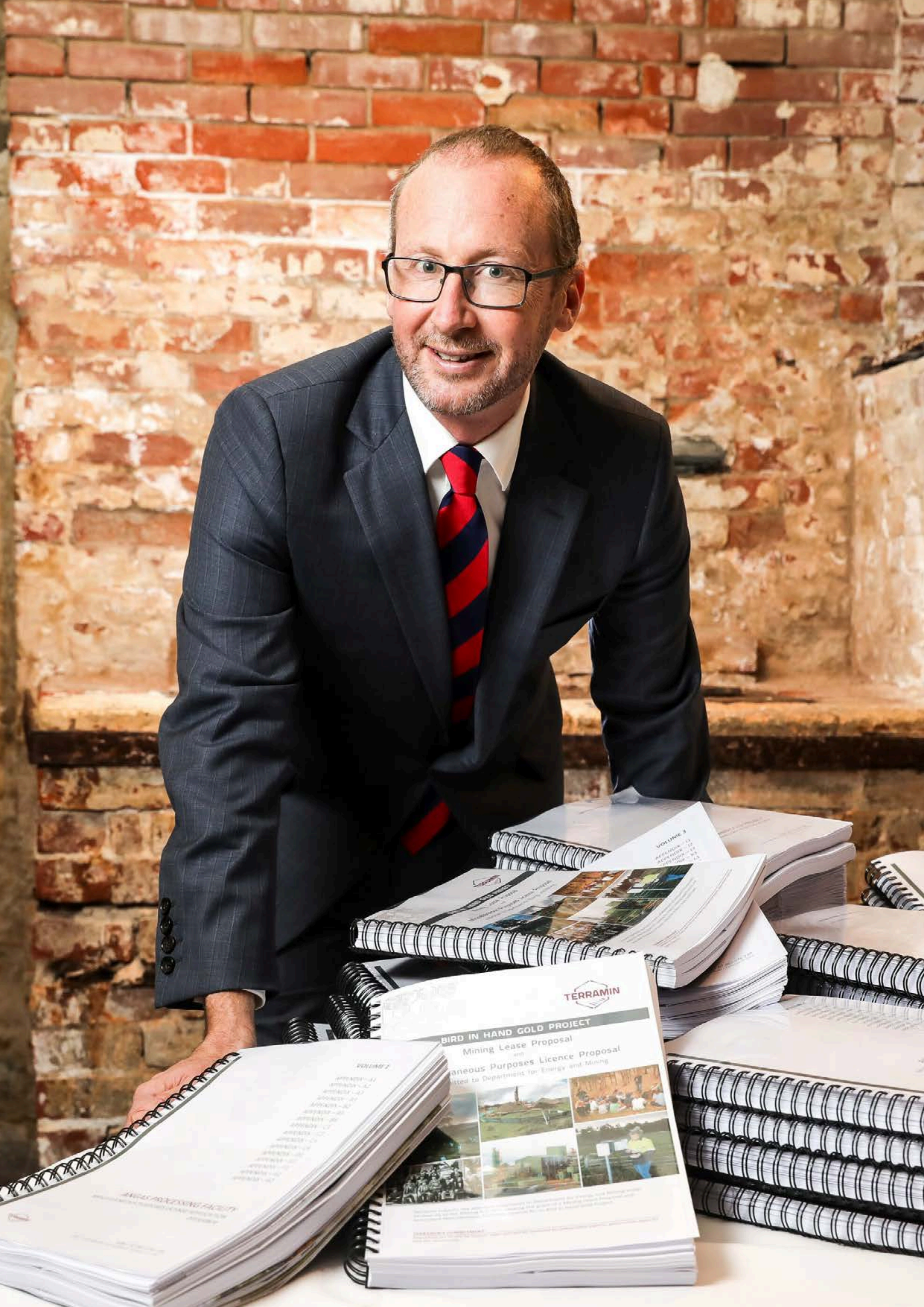
b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 29 August 2019


TERRAMIN
BIRD IN HAND GOLD PROJECT
Mining Lease Proposal

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the Half-year Ended 30 June 2019

	Notes	**30 Jun 2019 $'000**	30 Jun 2018 $'000
Other Income	4	**74**	-
Raw materials, consumables and other direct costs		**(191)**	(186)
Employee benefits expense		**(888)**	(1,060)
Depreciation and amortisation	9	**(47)**	(23)
Mine rehabilitation obligation expense		**(140)**	38
Share based payments expense		**(133)**	-
Other expenses	4	**(603)**	(645)
Loss before net financing costs and income tax		**(1,928)**	(1,876)
Finance income	5	**-**	1
Finance costs	5	**(1,324)**	(923)
Net finance costs		**(1,324)**	**(922)**
Loss before income tax		**(3,252)**	**(2,798)**
Income tax benefit	17	**532**	272
Loss for the period		**(2,720)**	**(2,526)**
Attributable to:			
Owners of the Company		**(2,572)**	(2,354)
Non-controlling interest		**(148)**	(172)
Loss for the period		**(2,720)**	**(2,526)**
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**25**	536
Other comprehensive (loss)/income for the year, net of income tax (tax: nil)		**25**	536
Total comprehensive loss for the year attributable to equity holders of the Company		**(2,695)**	(1,990)
Attributable to:			
Owners of the Company		**(2,547)**	(1,818)
Non-controlling interest		**(148)**	(172)
Total comprehensive loss for the period		**(2,695)**	(1,990)

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

	Note	**30 June 2019**	30 June 2018
Basic earnings/(loss) per share – (cents per share)	20(a)	**(0.14)**	(0.13)
Diluted earnings/(loss) per share – (cents per share)	20(b)	**(0.14)**	(0.13)

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 Half-year Ended 30 June 2019

	Notes	30 Jun 2019 $'000	31 Dec 2018 $'000
Assets			
Current Assets			
Cash and cash equivalents	6	**392**	252
Trade and other receivables	7	**571**	138
Other assets		**218**	109
Total current assets		**1,181**	499
Non-current assets			
Inventories	8	**496**	496
Property, plant and equipment	9	**8,594**	8,420
Exploration and evaluation	10	**64,362**	63,121
Total non-current assets		**73,452**	72,037
TOTAL ASSETS		**74,633**	72,536
Liabilities			
Current liabilities			
Trade and other payables	11	**4,602**	3,376
Short term borrowings	12	**20,031**	16,900
Provisions	13	**193**	163
Total current liabilities		**24,826**	20,439
Non-current liabilities			
Long term borrowings	12	**101**	2
Provisions	13	**4,915**	4,742
Total non-current liabilities		**5,016**	4,744
TOTAL LIABILITIES		**29,842**	25,183
NET ASSETS		**44,791**	47,353
Equity			
Share capital	15	**215,383**	215,383
Reserves	16	**(5,905)**	(6,063)
Accumulated losses		**(178,116)**	(175,544)
Total equity attributable to equity holders of the Company		**31,362**	33,776
Non-controlling interest		**13,429**	13,577
TOTAL EQUITY		**44,791**	47,353

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 Half-year Ended 30 June 2019

2019	Share capital $'000	Share based payments reserve $'000	Translation reserve $'000	Accumulated losses $'000	**Total attributable to owners $'000**	Non-controlling interest $'000	**Total equity $'000**
Balance at 1 January 2019	**215,383**	**136**	**(6,199)**	**(175,544)**	**33,776**	**13,577**	**47,353**
Total comprehensive income for the period							
Loss for the period	-	-	-	(2,572)	(2,572)	(148)	(2,720)
Other comprehensive income							
Foreign currency translation differences	-	-	25	-	25	-	25
Total other comprehensive income	-	-	25	-	25	-	25
Total comprehensive income for the period	-	-	25	(2,572)	(2,547)	(148)	(2,695)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Options Granted	-	133	-	-	133	-	133
Share Rights Converted into Shares	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	133	-	-	133	-	133
Balance at 30 June 2019	**215,383**	**269**	**(6,174)**	**(178,116)**	**31,362**	**13,429**	**44,791**

2018	Share capital $'000	Share based payments reserve $'000	Translation reserve $'000	Accumulated losses $'000	**Total attributable to owners $'000**	Non- controlling interest $'000	**Total equity $'000**
Balance at 1 January 2018	**215,318**	**90**	**(7,532)**	**(169,909)**	**37,967**	**13,952**	**51,919**
Total comprehensive income for the period							
Loss for the year	-	-	-	(2,354)	**(2,354)**	(172)	**(2,526)**
Foreign currency translation differences	-	-	536	-	**536**	-	**536**
Total other comprehensive income	-	-	536	-	**536**	-	**536**
Total comprehensive income for the period	-	-	536	(2,354)	**(1,818)**	(172)	**(1,990)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-
Share rights issued	-	-	-	-	-	-	-
Share rights converted into ordinary shares	44	(44)	-	-	-	-	-
Transfer lapsed options to retained earnings	-	-	-	-	-	-	-
Total contributions by and distributions to owners	44	(44)	-	-	-	-	-
Balance at 30 June 2018	**215,362**	**46**	**(6,996)**	**(172,263)**	**36,149**	**13,780**	**49,929**

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 Half-year Ended 30 June 2019

	Note	Jun 2019 $'000	Jun 2018 $'000
Cash from operating activities:			
Receipts from customers		**74**	-
Payments to suppliers and employees		**(1,698)**	(2,007)
Financing costs and interest paid		**(255)**	(5)
Interest received		**-**	1
Research and development tax concession received		**98**	-
Total cash (used in) operating activities		**(1,781)**	(2,011)
Cash flows from investing activities:			
Payments for property, plant and equipment		**-**	(4)
Exploration and evaluation expenditure		**(1,089)**	(1,014)
Net cash (used in) investing activities		**(1,089)**	(1,018)
Cash flows from financing activities:			
Proceeds from borrowings		**3,000**	1,270
Repayment of borrowings		**(6)**	(123)
Net cash from financing activities		**2,994**	1,147
Other activities:			
Net (decrease)/increase in cash and cash equivalents		**124**	(1,882)
Net foreign exchange differences		**16**	1
Cash and cash equivalents at beginning of the period		**252**	2,698
Cash and cash equivalents at end of the period	6	**392**	817

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

Notes to the Consolidated Financial Statements

1. Reporting entity

The consolidated interim financial statements cover the consolidated entity of Terramin Australia Limited and its controlled entities (the Group). Terramin Australia Limited is a public company, listed on the Australian Securities Exchange (ASX). 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 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 29th day of August 2019.

(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 2018, 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 to 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) 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 period to 30 June 2019, the Group incurred a loss of $2.7 million, which brought accumulated losses to $178.2 million.

As at 30 June 2019 the Group's current liabilities exceeded its current assets by $23.6 million. The Group had net assets of $44.7 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 or sale of the Bird-in-Hand Gold Project or investment in the Tala Hamza Zinc Project or other assets.

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 has adequate resources to continue to explore, evaluate and develop the Group's areas of interest and support to date from Asipac 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 debt and/or 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.

(d) Use of Estimates and Judgements

The preparation of the financial statements in accordance with AASB 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 preparing this 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 applied to the financial statements as at and for the year ending 31 December 2018.

3. Significant accounting policies

The accounting policies applied by the Company in this interim financial report are the same as those applied to the Company's consolidated financial statements as at and for the year ending 31 December 2018, with the exception of the following:

AASB 16 Leases

AASB 16 Leases became mandatorily effective on 1 January 2019. Accordingly, these standards apply for the first time to this set of financial statements. On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.50%.

The associated right-of-use assets for property leases were measured using the modified retrospective approach, option 2 to bring in the lease balance being the present value of remaining lease payments. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increase by $90,000
- Lease liabilities – increase by $90,000
- There was no net impact on retained earnings on adoption on 1 January 2019

In previous financial periods, leases of property were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and interest expense. The interest expense is charged to profit or loss 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 right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities mainly represent the net present value of the fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability,
- Any lease payments made at or before the commencement date less any lease incentives received,
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4. Other Income and Expenses

Other Income	Jun 2019 $000's	Jun 2018 $000's
Mine Area Lease income[1]	**30**	-
Service fee income	**44**	-
Other	**-**	-
Total other income	**74**	-

Other Expenses	Jun 2019 $000's	Jun 2018 $000's
Corporate Administration and Marketing Costs	**265**	264
Legal, Accounting, Community Relations and Other Consultants	**275**	305
ASX fees and Share Registry Costs	**59**	59
Other	**4**	17
Total other expenses	**603**	**645**

1. *Hydrostor Inc Australia Pty Ltd (Hydrostor) and the Company signed an agreement in August 2018 to construct an Advanced Compressed Air Energy Storage Facility at the AZM. Lease income represents the right to access (lease) surface and sub-surface areas.*

5. Finance Income and Costs

Finance Income	Jun 2019 $000's	Jun 2018 $000's
Interest income	**-**	1
Total finance income	**-**	**1**

Finance Costs	Jun 2019 $000's	Jun 2018 $000's
Interest on borrowings	**743**	535
Unwinding of discount on mine rehabilitation provision	**57**	113
Amortisation of borrowing costs	**369**	119
Other borrowing costs	**155**	155
Foreign exchange losses	**-**	1
Total finance costs	**1,324**	923

6. Cash and Cash Equivalents

	Jun 2019 $000's	Dec 2018 $'000's
Cash on hand	**2**	2
Bank balances	**357**	217
Short-term deposits[1]	**33**	33
Total cash and cash equivalents	**392**	**252**

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

7. Trade and Other Receivables

	Jun 2019 $000's	Dec 2018 $'000's
Trade receivables	**-**	-
Research and development tax benefit	**506**	72
Other receivables (including GST refund)	**65**	66
Total trade and other receivables	**571**	**138**

8. Inventories

	Jun 2019 $000's	Dec 2018 $'000's
Non-current		
Raw materials and consumables	**496**	496
Total inventories at the lower of cost and net realisable value	**496**	**496**

9. Property Plant and Equipment

	Jun 2019 $000's	Dec 2018 $'000's
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	**(122)**	(121)
Total buildings and other infrastructure[1]	**4**	**5**
Right-of-use Assets		
At cost	**226**	-
Less accumulated depreciation	**(29)**	-
Total Right-of-Use Assets	**197**	**-**
Plant and Equipment		
At cost	**58,536**	58,536
Less accumulated impairment	**(14,219)**	(14,219)
Less accumulated depreciation	**(40,195)**	(40,173)
Total plant and equipment[1]	**4,122**	**4,144**
Total property plant and equipment	**8,594**	**8,420**

1. *The Directors have considered the recoverable amount of property, plant and equipment based on available market information and have taken into account the expected future use of these assets as the Company moves towards approval of a mining licence for the Bird-in-Hand Gold Project*

9. Property Plant and Equipment (continued)

Movements in carrying amounts

	Freehold land $'000	Buildings and other infrastructure $'000	Plant and equipment $'000	Right-of-Use Assets $'000	Construction in progress $'000	Total $'000
Opening carrying amount 1 Jan 2019	4,271	5	4,144	-	-	8,420
Recognition upon first time adoption of AASB 16	-	-	-	90	-	90
Additions	-	-	-	136	-	136
Disposals	-	-	-	-	-	-
Depreciation and amortisation	-	(1)	(17)	(29)	-	(47)
Foreign currency movement	-	-	(5)	-	-	(5)
Carrying amount at 31 Dec 2019	**4,271**	**4**	**4,122**	**197**	**-**	**8,594**

	Freehold land $'000	Buildings and other infrastructure $'000	Plant and equipment $'000	Right-of-Use Assets $'000	Construction in progress $'000	Total $'000
Opening carrying amount 1 Jan 2018	4,271	6	4,220	-	-	8,497
Additions	-	-	4	-	-	4
Disposals	-	-	(61)	-	-	(61)
Depreciation and amortization	-	(1)	(44)	-	-	(45)
Foreign currency movement	-	-	25	-	-	25
Carrying amount at 31 Dec 2018	**4,271**	**5**	**4,144**	**-**	**-**	**8,420**

10. Exploration and Evaluation Assets

	Jun 2019 $000's	Dec 2018 $'000's
Exploration and evaluation		
At cost	**63,121**	59,627
Additions	**1,205**	2,397
Exploration write-off[1]	**-**	(121)
Foreign currency movement	**36**	1,218
Total exploration and evaluation	**64,362**	63,121

1. *Exploration write-off represents all exploration and evaluation costs incurred to February 2018 (at which time the exploration license was not renewed) for the Tala Hamza project. Expenditure incurred for Tala Hamza subsequent to this date has been directly expensed.*

	Jun 2019 $000's	Dec 2018 $'000's
Exploration and evaluation projects by location		
Tala Hamza Zinc (Terramin 65%)	**44,137**	44,101
Adelaide Hills (Terramin 100%)[1]	**2,212**	2,038
Bird in Hand Gold (Terramin Exploration 100%)	**12,372**	11,384
South Gawler (Menninnie Metals 100%)	**5,641**	5,598
Total exploration and evaluation	**64,362**	63,121

1. *The Company has entered into an agreement with respect to the Kapunda Project, over which the Company has a current Exploration Licence. Environment Copper Recovery Pty Ltd (**ECR**) can earn up to a 50% interest in the project after spending $2m on field trials and associated studies. ECR can earn an additional 25% interest in the project by spending a further $4m. Subject to the completion of the expenditure by ECR, the Company will retain a minimum 25% contributing interest as well as a 1.5% net smelter royalty in respect of all metals extracted from the joint venture area. ECR have agreed to spend a minimum of $300,000 within the first year and each subsequent year of the joint arrangement. The expenditure by ECR on the project is not reflected in the accounts of the Company, however will contribute to the minimum expenditure obligations under the terms of the Exploration License.*

11. Trade and Other Payables

	Jun 2019 $'000	Dec 2018 $'000
Trade payables	**369**	87
Other payables and accrued expenses	**4,233**	3,289
Total trade and other payables	**4,602**	3,376

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

12. Loans and Borrowings

	Jun 2019 $'000	Dec 2018 $'000
Current liabilities		
Lease liabilities[1]	**102**	9
Loans - secured[2]	**11,000**	11,000
Loans - unsecured[3]	**8,929**	5,891
Total current borrowings	**20,031**	**16,900**
Non-current liabilities		
Lease liabilities[1]	**101**	2
Total non-current borrowings	**101**	**2**

	Jun 2019 $'000	Dec 2018 $'000
Financing facilities		
Loan facilities - available	**20,750**	17,250
Loan facilities - undrawn	**(500)**	-
Loan facilities - drawn	**20,250**	**17,250**
Less: unamortised transaction costs	**(321)**	(359)
Carrying amount	**19,929**	**16,891**
Guarantee facility		
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. For June 2019, this includes lease liabilities on first time adoption of AASB 16.*
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 8%. Interest can be paid in cash or shares at the election of the Group. The facility has a term expiring 31 October 2019. It will be an interest rate review event if the Group does not raise $10 million of additional equity by 31 January 2019. If the lender formally declares an interest rate review event, then it may request by notice to the Borrower that it will review the interest rate in a manner to be negotiated between the parties in good faith within 90 days. A review event was declared during the period with no change to the interest rate confirmed.*
3. *As at reporting date, the Group had drawn down $9.25 million of its unsecured short-term facility provided by Asipac to support working capital requirements. The facility has a term expiring 31 October 2019. Interest is fixed at a base rate of 8%, payable upon termination date. If the lender formally declares an interest rate review event, then it may request by notice to the Borrower that it will review the interest rate in a manner to be negotiated between the parties in good faith within 90 days. A review event was declared during the period with no change to the interest rate confirmed.*
4. *A $5.3 million guarantee facility has been provided by Investec PLC in relation to rehabilitation bonds required by South Australian Government over Mining Lease 6229. The facility has a term expiring 30 September 2019. It will be a review event if the Group does not raise a minimum of $10,000,000 of additional capital by 31 May 2019. A review event occurred during the period triggering a requirement to refinance the facility. With support from Asipac an option to set up a fully cash-backed bank guarantee facility has progressed with the Commonwealth Bank of Australia that remains unfinalised at date of signing.*

The carrying value of plant and equipment and mining property subject to finance loans and hire purchase contracts at 30 June 2019 was $5,869 (31 December 2018: $11,497). Assets under hire purchase contracts are pledged as security for related finance loans & hire purchase liabilities.

The Guarantee Facility provided by Investec 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 PLC 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 & 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.

13. Provisions

	Jun 2019 $'000	Dec 2018 $'000
Current		
Employee benefits	**193**	163
Total current provisions	**193**	**163**
Non-current:		
Employee benefits	**25**	50
Mine rehabilitation	**4,890**	4,692
Total non-current provisions	**4,915**	**4,742**

	Employee Benefits $'000	Mine rehabilitation $'000	Total $'000
At 1 January 2019	213	4,692	4,905
Increases in provisions	51	198	249
Paid during the period	(46)	-	(46)
At 30 June 2019	**218**	**4,890**	**5,108**

The mine rehabilitation provision is recognised for the 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 1.23% (2018: 2.25%).

The rehabilitation is expected to occur following the processing of ore from the Bird-in-Hand Gold Project (subject to regulatory approvals).

14. Financial Instruments

The Group is exposed to market risk in the form of commodity price risk, foreign currency exchange risk and interest rate risk. The carrying value of the financial assets and liabilities of the Group, together with the equity and profit or loss impact during the period (if any), that are affected by market risk are categorised as follows:

Financial Instruments	*Note*	Jun 2019 $'00	Dec 2018 $'00
Current			
Cash and cash equivalents	6	**392**	252
Trade and other receivables	7	**571**	138
Trade and other payables	11	**(4,602)**	(3,376)
Financial liabilities at amortised cost	12	**(20,132)**	(16,902)
Total current financial instruments		**(23,771)**	(19,888)

Fair value

The fair values of the financial assets and liabilities of the Group are equal to the carrying amount in the accounts (as detailed previously). 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 accounts at fair value.

15. Issued capital

(a) Ordinary shares

	Jun 2019 $'000	Dec 2018 $'000
1,869,601,371 (2018: 1,869,601,371))		
Ordinary shares	**221,034**	221,034
Share issue costs	**(5,651)**	(5,651)
Total issued capital	**215,383**	215,383

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.

15. Issued capital (continued)

(b) Detailed table of capital issued during the half year ended 30 June 2019

Type of Share Issue	Date of Issue	Number of Ordinary Shares on issue	Issue Price $	Share Capital $'000
Opening balance 1 January 2019		**1,869,601,371**		**215,383**
Closing balance 30 June 2019		**1,869,601,371**		**215,383**
Issued Capital				**215,383**

Type of Share Issue	Date of Issue	Number of Ordinary Shares on issue	Issue Price $	Share Capital $'000
Opening balance 1 January 2018		**1,869,177,543**		**215,318**
Share rights converted	2 January 2018	162,615	0.13	21
Share rights converted	4 April 2018	137,882	0.16	22
Share rights converted	5 July 2018	123,331	0.18	22
Closing balance 31 December 2018		**1,869,601,371**		**215,383**
Share issue costs				-
Issued Capital				**215,383**

16. Reserves

(a) Foreign currency translation reserve

Foreign currency translation reserve	Jun 2019 $'000	Dec 2018 $'000
Balance at the beginning of the year	**(6,199)**	(7,532)
Adjustment arising on translation into presentation currency	**25**	1,333
Balance at the end of the year	**(6,174)**	**(6,199)**

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

(b) Share based payments reserve

Share based payments reserve	Jun 2019 $'000	Dec 2018 $'000
Balance at the beginning of the year	**136**	90
Transfer of lapsed options to retained earnings	**-**	-
Options issued during the year	**133**	111
Share rights issued during the year	**-**	-
Share rights converted during the year	**-**	(65)
Balance at the end of the year	**269**	136
Total reserves	**(5,905)**	(6,063)

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.

During the reporting period the CEO received no options. The 10,000,000 options the CEO received in 2018 were valued in accordance with the Black Scholes valuation methodology for which $133,000 was recognised as a share based payment expense during the reporting period (2018: $110,956). There were no share rights granted to employees including KMP's during the 2019 half year ended 30 June 2019.

17. Income Tax Expense

As at the date of this report, an estimate of the Research and Development claim has been calculated for the 2018/19 financial year, recognized as an income tax benefit, and included in Trade and Other Receivables.

The Company is part of an Australian Tax Consolidated Group. The Australian Tax Consolidated Group has potential deferred tax assets of $50.6 million (Jun 2018: $48.6 million). These have not been brought to account because the Directors do not consider the realisation of the deferred tax asset as probable.

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.

18. 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	
	Jun 2019 $'000	Jun 2018 $'000	**Jun 2019 $'000**	Jun 2018 $'000	**Jun 2019 $'000**	Jun 2018 $'000
Other Income - External customers	**74**	-	**-**	-	**74**	-
Total Other Income	**74**	-	**-**	-	**74**	-
Results						
Raw materials, consumables and other direct costs	**(191)**	(186)	**-**	-	**(191)**	(186)
Employee benefits & share based payments expense	**(602)**	(730)	**(286)**	(330)	**(888)**	(1,060)
Depreciation and amortisation	**(47)**	(23)	**-**	-	**(47)**	(23)
Mine rehabilitation obligation expense	**(140)**	38	**-**	-	**(140)**	38
Other expenses	**(600)**	(485)	**(136)**	(160)	**(736)**	(645)
Net finance costs	**(1,324)**	(534)	**-**	-	**(1,324)**	(922)
(Loss) before income tax	**(2,830)**	(2,308)	**(422)**	(490)	**(3,252)**	(2,798)
Income tax expense	**532**	272	**-**	-	**532**	272
(Loss) for the year for the operating segment	**(2,298)**	(2,036)	**(422)**	(490)	**(2,720)**	(2,526)
(Loss) for the year attributable to non-controlling interest	**-**	-	**(148)**	(172)	**(148)**	(172)
(Loss) for the year attributable to equity holders of the Company	**(2,298)**	(2,036)	**(274)**	(318)	**(2,572)**	(2,354)

18. Segment Reporting (continued)

	Jun 2019 $'000	Dec 2018 $'000	Jun 2019 $'000	Dec 2018 $'000	Jun 2019 $'000	Dec 2018 $'000
Operating assets	**30,266**	28,322	**44,367**	44,214	**74,633**	72,536
Operating liabilities	**29,631**	25,109	**211**	74	**29,842**	25,183
Other disclosures:						
Capital expenditure[1]	**1,205**	2,273	**-**	128	**1,205**	2,401

1. *Capital expenditure consists of additions of property, plant and equipment, 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.

19. 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.

During the half year ending 30 June 2019 no options were granted to KMP. 10,000,000 options were granted to the Group's Chief Executive Officer in 2018. Details of the options granted to the Chief Executive Officer are summarised in the notes that follow.

Number and weighted average exercise prices of share options

	Weighted average exercise price Jun 2019	Number of options Jun 2019	Weighted average exercise price Dec 2018	Number of Options Dec 2018
Outstanding at 1 January	$0.293	10,000,000	$0.135	1,750,000
Granted during the period	$0.000	-	$0.293	10,000,000
Lapsed during the period	$0.000	-	$0.135	(1,750,000)
Outstanding at reporting date	$0.293	10,000,000	$0.293	10,000,000
Exercisable at reporting date	$0.000	-	$0.000	-

The options outstanding at 30 June 2019 have a weighted average contractual life of 3.4 years (2018: 3.4 years).

20. Earnings per Share

(a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2019 was based on the net loss attributable to owners of the Company of $2.6m (June 2018: $2.4m) and a weighted average number of ordinary shares outstanding during the half-year ended 30 June 2019 of 1,869,601,371 (June 2018: 1,869,478,040), calculated as follows:

	Jun 2019 $'000	Jun 2018 $'000
Net loss for the year attributable to the owners of the Company	**(2,572)**	(2,354)
Ordinary shares on issue	**1,869,601,371**	1,869,478,040
Weighted average number of shares	**1,869,601,371**	1,869,404,636
Basic earnings per share (cents)	**(0.14)**	(0.13)

(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. Therefore the diluted earnings per share equates to the ordinary earnings per share.

21. Events After the Reporting Date

Apart from the matters below, there are no other matters or circumstances that have arisen since 30 June 2019 that have significantly affected or may significantly affect either the entities operations or state of affairs in future years or the results of those operations in future years.

Under the Security Trust Deed with Investec, which covers the environmental rehabilitation closure bond at the Angas Zinc Mine, a review event occurred on 31 May 2019).Investec required the Facility to be refinanced by 31 August 2019 unless extended.. Terramin has established a new bank guarantee and is proceeding to cash back the security.

Directors' Declaration

The Directors of the Company declare that:

The financial statements and notes, as set out on pages 10-20:

(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 2019 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 Melbourne on the 29th day of August 2019 in accordance with a resolution of the Board of Directors.

Feng Sheng
Executive Chairman
29th August 2019

Kevin McGuinness
Non-Executive Director
29th August 2019

Auditor's Independent Report

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Independent Auditor's Review Report

To the Members of Terramin Australia Limited

Report on the review of the half year report

Conclusion

We have reviewed the accompanying half year financial report of Terramin Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Basis of conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year 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 2019, 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 2c in the financial report, which indicates that the Group incurred a net loss of $2.7 million during the half year ended 30 June 2019 and, as of that date, the Group's current liabilities exceeded its current assets by $23.6 million. As stated in Note 2c, these events or conditions, along with other matters as set forth in Note 2c, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with 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 financial 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 report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 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

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 29 August 2019

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