



2021 Interim Financial Report



Contents

Directors' Report.....	4
Auditor's Independence Declaration.....	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Consolidated Financial Statements	13
Directors' Declaration.....	19
Auditor's Independent Report	20

Registered and Business Office

Terramin Australia Limited

2115 Callington Road
Strathalbyn, South Australia, 5063

T +61 8 8536 5950

E info@terramin.com.au

W www.terramin.com.au

ABN 67 062 576 238

ACN 062 576 238

Auditors

Grant Thornton Audit Pty Ltd

Level 3, 170 Frome Street
Adelaide, South Australia, 5000

Share Registry

Computershare Investor Services Pty Ltd

Level 5, 115 Grenfell Street
Adelaide, South Australia, 5000

T 1300 556 161

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

Lulu Shi

Non-Executive Director

Executive Officer

Martin Janes

Financial Manager and Company Secretary

André van Driel

Directors' Report

for the Half-year Ended 30 June 2021

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 2021 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 Kennedy¹	Non-Executive Deputy-Chairman
Angelo Siciliano¹	Non-Executive Director
Kevin McGuinness²	Non-Executive Director
Lulu Shi	Non-Executive Director

1. Mr Kennedy and Mr Siciliano are members of the Audit and Risk Committee and the Nominations and Remuneration Committee.
2. Mr. McGuinness 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 \$2.95 million for the half-year ended 30 June 2021 (2020: \$1.7 million). The major contributors to the result were exploration costs expensed, interest and administration expenditure in relation to Australian and overseas operations.

The consolidated net asset position as at 30 June 2021 was \$38.9 million, a decrease from \$41.9 million as at 31 December 2020.

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:

Bird in Hand Gold Project (including Angas Zinc Mine and Processing Facility) *(Terramin 100%)*

The Bird in Hand Gold Project (BIHGP) 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. In June 2020, Terramin announced the results of a Feasibility Study which indicated that BIHGP has a robust financial outcome, including a post-tax NPV₈ A\$141 million and IRR of 80.5% over approximately 4 years of production.

The study is based on a gold price of A\$2,300 per ounce, which is below the current prevailing gold price. The BIHGP's base case projection is to produce an average of 44,700 ounces of gold per annum over four years at a low C1 cash cost of A\$737 per ounce and an all in sustaining cost of A\$959 per ounce. The pre-production capital is estimated to be A\$54 million with potential for reductions in capital as we refine our studies. Payback of pre-production capital is less than 1 year. The BIHGP has significant upside potential with the Bird in Hand ore body remaining open at depth and the nearby historical high grade gold mines, Bird in Hand Extended Mine and Ridge Mine yet to be explored.

Subject to required regulatory approvals, the Bird in Hand material will be processed utilising the facilities at AZM, which can treat the gold-bearing ore. The existing tailings dam at AZM has the capacity to hold all the Bird in Hand tailings.

During the period, Terramin has continued to progress its Mining License Application for the BIHGP and the Miscellaneous Purpose Lease Application to allow the AZM site to treat the Bird in Hand ore. Terramin has continued to respond to information requests by the South Australian Department for Energy and Mining (DEM) in respect of these applications and is awaiting final approval of these applications.

The Program for Environment Protection and Rehabilitation (PEPR) has been largely finalised and is ready for submission on granting of the mining lease.

Terramin continues to engage with a number of parties which are interested in funding or investing in the project and is in receipt of a number of funding offers. There is strong interest from offtake parties, streaming and royalty companies, financial institutions and other mining companies.

The AZM continued to be maintained in accordance with the DEM approved Mine Care and Maintenance Plan and is operating in compliance with its lease conditions.

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%).

During the reporting period, Terramin has been focused on its ongoing negotiations with its joint venture partners, ENOF and ORGM, regarding the structure and management of Tala Hamza Zinc Project joint venture as it transitions to construction and production.

Terramin understands that the Algerian mining regulator (ANAM) is prepared to promptly provide the requisite project approvals once the joint venture arrangements have been finalised.

Directors' Report *(continued)*

Consultation with the local community is ongoing.

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.

Kapunda Copper Joint Venture *(Terramin 50%, 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 90km 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. In the September 2020 quarter, ECR earned a 50% interest in the project after spending \$2.0 million and has committed to spend an additional \$4.0 million to earn a further 25% interest. 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 \$2.6 million in government funding to pursue the ISR test work.

During the reporting period, ECR has been working on advancing government approvals and obtaining appropriate land access for it to commence the on-site testing of the in situ recovery. This approval work is almost complete and on-site work is expected to start later in the year.

Adelaide Hills Exploration *(Terramin 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 the BIHGP and the Kapunda Copper Joint Venture current active project areas include Wild Horse.

In June 2019, Terramin entered into an earn-in agreement with Freeport-McMoRan Exploration Australia Pty Ltd (Freeport) for exploration of the Wild Horse tenement which covers approximately 462 km² and is located 15 kms east of Murray Bridge. 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.

During the reporting period, Newmont Exploration Holdings Pty Ltd (Newmont), a wholly owned subsidiary of Newmont Corporation, has acquired rights to the Wild Horse from Freeport.

Terramin and Newmont are working together to facilitate the drilling of the Wild Horse anomaly in the second half of 2021 and are currently working on drill-hole design, and obtaining the requisite land access and approvals from DEM.

The drilling will target the distinct Wild Horse aerial magnetic anomaly located on the western edge of a magnetic granite pluton. The magnetic body is 1,300 metres by 2,000 metres and has been modelled from a depth of approximately 100 metres to 1,400 metres.

South Gawler Project Joint Venture *(Terramin 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 4,524km² 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. In July 2019, Terramin entered into an earn-in agreement with Freeport for exploration of the South Gawler Ranges tenements.

During the reporting period, Newmont acquired rights to the South Gawler Ranges Earn-in Agreement from Freeport. Subsequently, Newmont and Terramin have agreed to terminate this Earn-in Agreement.

Terramin has appointed Discovery Capital Partners as advisor in respect of the disposal of these assets.

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 \$17.34 million to \$18.79 million. The \$6 million Bird in Hand Facility and the \$18.79 million Standby Short-term Facility continue on terms that expire on 31 October 2021.

The impact of Covid 19 on the Company has been very minimal with only a deferment of exploration activities during the period.

Business Development Activities

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

Directors' Report (continued)

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 2021 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.

Subsequent to the end of the reporting period, the Company entered into an agreement with Asipac to increase its Standby Short-term Facility to \$19.29 million on similar terms to enable the Company to execute its corporate strategy while the Company reviews its long term financing.

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 was 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 period 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:

	Jun 2021 \$'000	Jun 2020 \$'000
Non-assurance services		
Tax advice and compliance services	2	10
Total	2	10

Auditor's independence declaration

The Auditor's Independence Declaration for the half-year ended 30 June 2021 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 9th day of September 2021 in accordance with a resolution of the Board of Directors.



Feng Sheng
Executive Chairman



Kevin McGuinness
Non-Executive Director

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 review of Terramin Australia Limited for the half year ended 30 June 2021, 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 AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 9 September 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the Half-year Ended 30 June 2021

	Notes	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Other Income	4	40	377
Raw materials, consumables and other direct costs		(208)	(167)
Employee benefits expense		(335)	(383)
Depreciation and amortization expense	9	(408)	(58)
Exploration and evaluation expenditure expensed (Tala Hamza Project)		(159)	(173)
Mine rehabilitation obligation expense		(6)	160
Profit on disposal of property, plant and equipment		14	201
Share based payments expense		-	103
Other expenses	4	(377)	(425)
Loss before net financing costs and income tax		(1,439)	(365)
Finance income	5	4	17
Finance costs	5	(1,518)	(1,364)
Net finance costs		(1,514)	(1,347)
Loss before income tax		(2,953)	(1,712)
Income tax benefit	17	-	38
Loss for the period		(2,953)	(1,674)
Attributable to:			
Owners of the Company		(2,893)	(1,678)
Non-controlling interest		(60)	4
Loss for the period		(2,953)	(1,674)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		22	(1,004)
Other comprehensive (loss)/income for the year, net of income tax (tax: nil)		22	(1,004)
Total comprehensive loss for the year attributable to equity holders of the Company		(2,931)	(2,678)
Attributable to:			
Owners of the Company		(2,871)	(2,682)
Non-controlling interest		(60)	4
Total comprehensive loss for the period		(2,931)	(2,678)
Earnings per share attributable to the ordinary equity holders of the Company:			
	Note	30 Jun 2021	30 Jun 2020
Basic earnings/(loss) per share – (cents per share)	20(a)	(0.14)	(0.08)
Diluted earnings/(loss) per share – (cents per share)	20(b)	(0.14)	(0.08)

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 2021

	Notes	30 Jun 2021 \$'000	31 Dec 2020 \$'000
Assets			
Current Assets			
Cash and cash equivalents	6	149	105
Restricted cash on deposit	6	5,690	5,340
Trade and other receivables	7	38	50
Non-current assets held for sale		6	690
Other assets		255	84
Total current assets		6,138	6,269
Non-current assets			
Inventories	8	353	353
Property, plant and equipment	9	6,968	7,369
Exploration and evaluation	10	63,506	63,252
Total non-current assets		70,827	70,974
TOTAL ASSETS		76,965	77,243
Liabilities			
Current liabilities			
Trade and other payables	11	7,952	6,375
Short term borrowings	12	24,450	23,385
Provisions	13	88	89
Total current liabilities		32,490	29,849
Non-current liabilities			
Long term borrowings	12	-	14
Provisions	13	5,535	5,509
Total non-current liabilities		5,535	5,523
TOTAL LIABILITIES		38,025	35,372
NET ASSETS		38,940	41,871
Equity			
Share capital	15	223,931	223,931
Reserves	16	(9,094)	(9,116)
Accumulated losses		(189,102)	(186,209)
Total equity attributable to equity holders of the Company		25,735	28,606
Non-controlling interest		13,205	13,265
TOTAL EQUITY		38,940	41,871

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 2021

2021	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 2021	223,931	195	(9,311)	(186,209)	28,606	13,265	41,871
Total comprehensive income for the period							
Loss for the period	-	-	-	(2,893)	(2,893)	(60)	(2,953)
Other comprehensive income							
Foreign currency translation differences	-	-	22	-	22	-	22
Total other comprehensive income	-	-	22	-	22	-	22
Total comprehensive income for the period	-	-	22	(2,893)	(2,871)	(60)	(2,931)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Options Lapsed	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-
Balance at 30 June 2021	223,931	195	(9,289)	(189,102)	25,735	13,205	38,940

2020	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 2020	223,950	298	(6,237)	(180,918)	37,093	13,365	50,458
Total comprehensive income for the period							
Loss for the period	-	-	-	(1,678)	(1,678)	4	(1,674)
Other comprehensive income							
Foreign currency translation differences	-	-	(1,004)	-	(1,004)	-	(1,004)
Total other comprehensive income	-	-	(1,004)	-	(1,004)	-	(1,004)
Total comprehensive income for the period	-	-	(1,004)	(1,678)	(2,682)	4	(2,678)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Options Lapsed	-	(103)	-	-	(103)	-	(103)
Share issue costs	(21)	-	-	-	(21)	-	(21)
Total contributions by and distributions to owners	(21)	(103)	-	-	(124)	-	(124)
Balance at 30 June 2020	223,929	195	(7,241)	(182,596)	34,287	13,369	47,656

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 2021

	Note	Jun 2021 \$'000	Jun 2020 \$'000
Cash from operating activities:			
Receipts from customers		-	101
Payments to suppliers and employees		(1,106)	(679)
Financing costs and interest paid		(47)	(45)
Interest received		3	23
Total cash (used in) operating activities		(1,150)	(600)
Cash flows from investing activities:			
Insurance claim proceeds		-	249
Receipts for property, plant and equipment		750	201
Exploration and evaluation expenditure		(321)	(936)
Net cash (used in) investing activities		429	(486)
Cash flows from financing activities:			
Proceeds from borrowings		1,115	650
Repayment of borrowings		-	(53)
Net cash from financing activities		765	597
Other activities:			
Net (decrease)/increase in cash and cash equivalents		394	(489)
Net foreign exchange differences		-	-
Cash and cash equivalents at beginning of the year (including restricted cash on deposit)		5,445	6,300
Cash and cash equivalents at end of the year (including restricted cash on deposit)	6	5,839	5,811

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 9th day of September 2021.

(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 2019, 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 2021, the Group incurred a loss of \$2.95 million, which brought accumulated losses to \$189.1 million.

As at 30 June 2021 the Group's current liabilities exceeded its current assets by \$26.4 million. The Group had net assets of \$38.9 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 and/or deferral of existing debt facilities, noting that amounts owing to Asipac in respect of the facilities will not be called upon to the financial detriment of the Company.

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 2020.

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 2020.

4. Other Income and Expenses

Other Income	Jun 2021 \$000's	Jun 2020 \$000's
Mine Area Lease income	-	30
Service fee income	-	36
Release fee income ¹	40	-
Government grant (Cashflow Boost) income	-	62
Proceeds from insurance claim	-	249
Total other income	40	377

Other Expenses	Jun 2021 \$000's	Jun 2020 \$000's
Corporate Administration and Marketing Costs	69	161
Legal, Accounting, Community Relations and Other Consultants	269	220
ASX fees and Share Registry Costs	37	42
Other	2	2
Total other expenses	377	425

- 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. Hydrostor withdrew from the project during the period resulting in payment of outstanding rental fees relating to the prior period, and Terramin releasing Hydrostor of its rental and environmental obligations under the agreement by transferring ownership of equipment Hydrostor acquired for the project (valued at \$40,000 excluding GST).

5. Finance Income and Costs

Finance Income	Jun 2021 \$000's	Jun 2020 \$000's
Interest income	4	17
Total finance income	4	17

Finance Costs	Jun 2021 \$000's	Jun 2020 \$000's
Interest on borrowings	1,451	1,293
Unwinding of discount on mine rehabilitation provision	49	24
Amortisation of borrowing costs	13	2
Other borrowing costs	5	45
Total finance costs	1,518	1,364

6. Cash and Cash Equivalents

	Jun 2021 \$000's	Dec 2020 \$000's
Cash on hand	2	2
Bank balances	147	103
Total cash and cash equivalents	149	105
Short-term deposits ^{1,2}	5,690	5,340
Total restricted cash on deposit	5,690	5,340

- Total restricted cash on deposit represents short-term deposits in place to support bank guarantees issued in respect of rehabilitation obligations at AZM, an office lease and minor credit card facilities. During the period, the security deposit supporting the bank guarantee relating to the rehabilitation obligations at AZM was increased by \$360,000 and the bank guarantee relating to the office lease (valued at \$10,000) was released.
- The rehabilitation obligations at AZM represents the environmental rehabilitation bond required by the South Australian Government over Mining Lease 6229 supported by a cash backed Commonwealth Bank of Australia (CBA) guarantee.

7. Trade and Other Receivables

	Jun 2021 \$000's	Dec 2020 \$000's
Trade receivables	1	17
Accrued interest receivable	1	1
Research and development tax benefit	-	-
Other receivables (including GST refund)	36	32
Total trade and other receivables	38	50

8. Inventories

	Jun 2021 \$000's	Dec 2020 \$000's
Non-current		
Raw materials and consumables	353	353
Total inventories at the lower of cost and net realisable value	353	353

9. Property Plant and Equipment

	Jun 2021 \$000's	Dec 2020 \$000's
At cost	6	811
Less impairment	-	(121)
Total assets held for sale	6	690

	Jun 2021 \$000's	Dec 2020 \$000's
--	---------------------	---------------------

Freehold land		
At cost	3,460	3,460
Total freehold land¹	3,460	3,460

Buildings and other infrastructure		
At cost	126	126
Less accumulated depreciation	(124)	(124)
Total buildings and other infrastructure¹	2	2

Right-of-use Assets		
At cost	108	288
Less accumulated depreciation	(76)	(222)
Total Right-of-Use Assets²	32	66

Plant and Equipment		
At cost	57,480	57,470
Less accumulated impairment	(14,219)	(14,219)
Less accumulated depreciation	(39,787)	(39,410)
Total plant and equipment¹	3,474	3,841
Total property plant and equipment	6,968	7,369

- 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.
- During the period, the Company ended its lease of office space at Unit 7, 202-208 Glen Osmond Road, Fullarton South Australia 5063. Accordingly, the cost and accumulated depreciation have been reversed.

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 2021	3,460	2	3,841	66	-	7,369
Additions	-	-	10	-	-	10
Disposals	-	-	-	-	-	-
Depreciation and amortisation	-	-	(374)	(34)	-	(408)
Foreign currency movement	-	-	(3)	-	-	(3)
Carrying amount at 30 Jun 2021	3,460	2	3,474	32	-	6,968

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 2020	4,271	4	4,105	221	-	8,601
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation (Adelaide Office Lease)	-	-	-	(55)	-	(55)
Transfers	(811)	-	-	-	-	(811)
Reclassification of Critical Spares	-	-	136	-	-	136
Depreciation and amortisation	-	(2)	(389)	(90)	-	(481)
Foreign currency movement	-	-	(11)	(10)	-	(21)
Carrying amount at 31 Dec 2020	3,460	2	3,841	66	-	7,369

10. Exploration and Evaluation Assets

Exploration and evaluation	Jun 2021 \$'000's	Dec 2020 \$'000's
At cost	63,252	64,987
Additions	223	1,312
Foreign currency movement	31	(3,047)
Total exploration and evaluation	63,506	63,252

Exploration and evaluation projects by location	Jun 2021 \$'000's	Dec 2020 \$'000's
Tala Hamza Zinc (Terramin 65%)	41,074	41,043
Adelaide Hills (Terramin Exploration 100%) ¹	2,047	2,020
Bird in Hand Gold (Terramin Exploration 100%)	14,701	14,509
South Gawler (Menninnie Metals 100%)	5,684	5,680
Total exploration and evaluation	63,506	63,252

1. The Company 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) earned a 50% interest in the project after spending \$2m on field trials and associated studies. ECR elected to earn an additional 25% interest in the project by spending a further \$4m. During the period, the Company agreed to amend the minimum expenditure terms of the joint arrangement such that at each anniversary date ECR's spend is assessed on a cumulative basis to consider fluctuations in the timing of project activity. 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. 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 Licence.

11. Trade and Other Payables

	Jun 2021 \$'000	Dec 2020 \$'000
Trade payables	585	676
Other payables and accrued expenses	695	445
Accrued interest on borrowings	6,672	5,254
Total trade and other payables	7,952	6,375

Trade and other payables are normally non-interest bearing and are settled on 30 days end of month terms with the exception of accrued interest on borrowings.

12. Loans and Borrowings

	Jun 2021 \$'000	Dec 2020 \$'000
Current liabilities		
Lease liabilities ¹	32	53
Loans - secured ²	24,450	23,332
Total current borrowings	24,482	23,385
Non-current liabilities		
Lease liabilities ¹	-	14
Total non-current borrowings	-	14
Financing facilities		
Loan facilities - available	24,794	23,344
Loan facilities - undrawn	(335)	-
Loan facilities - drawn	24,459	23,344
Less: unamortised transaction costs	(9)	(12)
Carrying amount	24,450	23,332
Guarantee facility		
Guarantee facility - available ³	5,675	5,315
Guarantee facility - drawn	5,675	5,315

- Lease liabilities are effectively secured as rights to the leased assets revert to the lessor in the event of default. For June 2021, this includes lease liabilities under AASB 16.
- At reporting date, the Group had drawn down \$24.5 million of two loan facilities provided by Asipac. Interest is fixed at a base rate of 12%, payable upon termination. The facilities expire on 31 October 2021, and interest can be paid in cash or shares at the election of the Group.
- The \$5.7 million guarantee facility mainly relates to the environmental rehabilitation bank guarantee required by South Australian Government over Mining Lease 6229, and is fully cash-backed.

Under the terms of the \$6.0 million BIH loan facility (**BIH Facility**) and \$18.8 million Standby facility (**Standby Facility**) provided to Terramin Exploration Pty Ltd (TZNE), 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 assets of TZNE and a specific security over the shares of TZNE. All security interests will be discharged upon repayment of amounts due under the Facilities.

13. Provisions

	Jun 2021 \$'000	Dec 2020 \$'000
Current		
Employee benefits	88	89
Total current provisions	88	89
Non-current:		
Employee benefits	5	33
Mine rehabilitation	5,530	5,476
Total non-current provisions	5,535	5,509

	Employee Benefits \$'000	Mine rehabilitation \$'000	Total \$'000
At 1 January 2021	89	5,476	5,565
Increase(decrease) in provision ¹	12	54	66
Paid during the period	(13)	-	(13)
At 30 June 2021	88	5,530	5,618

1. The net increase in the Mine Rehabilitation provision of \$54,583 represents a \$5,577 increase in the discounted value of future rehabilitation expenditure adjusted for inflation and an unwinding of the interest component to the value of \$49,006.

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 the 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 0.90% (2020: 0.49%).

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 2021 \$'000	Dec 2020 \$'000
Current			
Cash and cash equivalents	6	149	105
Restricted cash on deposit	6	5,690	5,340
Trade and other receivables	7	38	50
Trade and other payables	11	(7,952)	(6,375)
Financial liabilities at amortised cost	12	(24,459)	(23,344)
Total current financial instruments		(26,534)	(24,224)

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 2021 \$'000	Dec 2020 \$'000
2,116,562,720 (2020: 2,116,562,720)		
Ordinary shares	229,676	229,676
Share issue costs	(5,745)	(5,745)
Total issued capital	223,931	223,931

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

(b) Detailed table of capital issued during the half year ended 30 June 2021

Type of Share Issue	Date of Issue	Number of Ordinary Shares on issue	Issue Price \$	Share Capital \$'000
Opening balance 1 Jan 2021		2,116,562,720		223,929
Closing balance 30 Jun 2021		2,116,562,720		223,929
Share issue costs			-	-
Issued Capital				223,929

Type of Share Issue	Date of Issue	Number of Ordinary Shares on issue	Issue Price \$	Share Capital \$'000
Opening balance 1 Jan 2020		2,116,562,720		223,950
Closing balance 31 Dec 2020		2,116,562,720		223,950
Share issue costs				(21)
Issued Capital				223,929

16. Reserves

(a) Foreign currency translation reserve

Foreign currency translation reserve	Jun 2021 \$'000	Dec 2020 \$'000
Balance at the beginning of the year	(9,311)	(6,237)
Translation into presentation currency	22	(3,074)
Balance at the end of the year	(9,289)	(9,311)

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 2021 \$'000	Dec 2020 \$'000
Balance at the beginning of the year	195	298
Transfer of forfeited options to share based payments expense	-	(103)
Balance at the end of the year	195	195
Total reserves	(9,094)	(9,116)

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 no share-based payments were made.

Consequently, \$0 forfeited options were transferred to share based payment expense (2020: \$103,489), and \$0 transferred to retained earnings during the reporting period (2020: \$0).

17. Income Tax Expense

As at the date of this report, the Company has determined that no Research and Development claim will be made for the 2020/21 financial year, recognised as a nil income tax benefit, and no value has been 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 \$53.9 million (Jun 2020: \$52.2 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:

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

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

	Australia		Northern Africa		Consolidated	
	Jun 2021 \$'000	Jun 2020 \$'000	Jun 2021 \$'000	Jun 2020 \$'000	Jun 2021 \$'000	Jun 2020 \$'000
Other Income - External customers	40	377	-	-	40	377
Total Other Income	40	377	-	-	40	377
Results						
Raw materials, consumables and other direct costs	(194)	(167)	-	-	(194)	(167)
Employee benefits expense	(335)	(383)	-	-	(335)	(383)
Depreciation and amortisation	(395)	(41)	(13)	(17)	(408)	(58)
Exploration and evaluation expensed (Tala Hamza Project)	-	-	(159)	(173)	(159)	(173)
Mine rehabilitation obligation expense	(6)	160	-	-	(6)	160
Profit on disposal of property, plant and equipment	-	-	-	201	-	201
Share based payments expense	-	103	-	-	-	103
Other expenses	(377)	(425)	-	-	(377)	(425)
Net finance costs	(1,514)	(1,347)	-	-	(1,514)	(1,347)
(Loss) before income tax	(2,781)	(1,723)	(172)	11	(2,953)	(1,712)
Income tax expense	-	38	-	-	-	38
(Loss) for the year for the operating segment	(2,781)	(1,685)	(172)	11	(2,953)	(1,674)
(Loss) for the year attributable to non-controlling interest	-	-	(60)	4	(60)	4
(Loss) for the year attributable to equity holders of the Company	(2,781)	(1,685)	(112)	7	(2,893)	(1,678)

	Jun 2021	Dec 2020	Jun 2021	Dec 2020	Jun 2021	Dec 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating assets	35,838	36,129	41,127	41,114	76,965	77,243
Operating liabilities	37,934	35,274	91	98	38,025	35,372
Other disclosures:						
Capital expenditure ¹	233	1,311	-	-	233	1,311

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 2021, no options were granted to KMP. Details of the options granted to the former Chief Executive Officer, and remain outstanding at the reporting date are summarised in the table that follows.

Number and weighted average exercise price of share options

	Weighted average exercise price Jun 2020	Number of options Jun 2020	Weighted average exercise Price Dec 2019	Number of Options Dec 2020
Outstanding at 1 January	\$0.225	5,000,000	\$0.293	10,000,000
Granted during the period	\$0.000	-	\$0.000	-
Lapsed during the period	\$0.000	-	\$0.000	-
Forfeited after the period	\$0.000	-	\$0.360	(5,000,000)
Outstanding at reporting date	\$0.225	5,000,000	\$0.225	5,000,000
Exercisable at reporting date	\$0.225	5,000,000	\$0.225	5,000,000

The options outstanding at 30 June 2021 have a weighted average contractual life of 2.5 years (2020: 3.0 years).

20. Earnings per Share

(a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2021 was based on the net loss attributable to owners of the Company of \$1.8m (June 2019: \$2.6m) and a weighted average number of ordinary shares outstanding during the half-year ended 30 June 2021 of 2,116,562,720 (June 2020: 2,116,562,720), calculated as follows:

Earnings per share	Jun 2021 \$'000	Jun 2020 \$'000
Net loss for the year attributable to the owners of the Company	(2,893)	(1,678)
Ordinary shares on issue	2,116,562,720	2,116,562,720
Weighted average number of shares	2,116,562,720	2,116,562,720
Basic earnings per share (cents)	(0.14)	(0.08)

(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 2021 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.

Directors' Declaration

The Directors of the Company declare that:

The financial statements and notes, as set out on pages 9-18:

- (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 2021 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 9th day of September 2021 in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be "Feng Sheng", written over a horizontal line.

Feng Sheng
Executive Chairman
9th September 2021

A handwritten signature in blue ink, appearing to be "Kevin McGuinness", written in a cursive style.

Kevin McGuinness
Non-Executive Director
9th September 2021

Independent Auditor's Report

To the Members of Terramin Australia Limited

Report on the review of the half year financial 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 2021, 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.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Terramin Australia Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Terramin Australia Limited's financial position as at 30 June 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2(c) in the financial report, which indicates that the Group incurred a net loss of \$2.95 million during the half year ended 30 June 2021 and, as of that date, the Group's current liabilities exceeded its current assets by \$26.4 million. As stated in Note 2(c), these events or conditions, along with other matters as set forth in Note 2(c), 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 2021 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J. L. Humphrey
Partner – Audit & Assurance

Adelaide, 9 September 2021



Terramin Australia Limited

2115 Callington Road
Strathalbyn, South Australia, 5255

T: +61 8 8536 5950

F: +61 8 8536 5951

E: info@terramin.com.au

W: www.terramin.com.au