

Form 603

Corporations Act 2001

Section 671B

Notice of initial substantial holder

To Company Name/Scheme TERRAMIN AUSTRALIA LIMITED

ACN/ARSN 67 062 576 238

1. Details of substantial holder (1)

Name Rainbow Dream Worldwide Corp.

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 04/02/2015

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully paid ordinary shares	111,083,558	111,083,558	7.33%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Rainbow Dream Worldwide Corp.	Direct Ownership	111,083,558 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Rainbow Dream Worldwide Corp.	Rainbow Dream Worldwide Corp.	Rainbow Dream Worldwide Corp.	111,083,558 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Rainbow Dream Worldwide Corp	4 February 2014		Conversion of notes into shares (see appendix A)	110,000,000 ordinary shares
Rainbow Dream Worldwide Corp	4 February 2014		Issue of shares in lieu	1,083,558 ordinary shares

			of Payment of interest (see appendix A)	
--	--	--	--	--

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Rainbow Dream Worldwide Corp	Porticullius Trustnet Chambers, PO Box 3444, Road Town, Tortola British Virgin Island

Signature

Cai
Zhengshun

capacity

sign here

date 4/02/2015

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is Annexure A of 32 pages referred to in page 2 of Form 603, Notice of Initial Substantial Holder

A handwritten signature in black ink, appearing to be '蔡正坤' (Cai Zhengshun), written in a cursive style.

Cai Zhengshun
Authorised Signatory

Date: 4 February 2015

TERRAMIN AUSTRALIA LIMITED
ABN 67 062 576 238

AND

THE PERSONS WHO ARE FROM TIME TO TIME THE NOTEHOLDERS

CONVERTIBLE NOTE DEED POLL

TABLE OF CONTENTS

1.	DEFINITIONS AND INTERPRETATION	1
1.1	Definitions.....	1
1.2	Interpretation.....	8
1.3	Other rules of interpretation	9
1.4	Deed Poll.....	9
2.	CREATION OF NOTES	10
2.1	Creation and issue of Notes	10
2.2	Status and terms of issue of Notes.....	10
2.3	Covenant to Pay	10
3.	NOTE CERTIFICATES	10
4.	UNDERTAKINGS BY COMPANY	11
4.1	General Undertakings.....	11
4.2	Negative Undertakings	12
4.3	Project Undertakings.....	13
4.4	Notification of certain events	14
5.	EVENTS OF DEFAULT	15
5.1	Event of Default.....	15
5.2	Consequences of Event of Default	17
6.	COMPANY INDEMNITIES	18
6.1	Company Indemnities.....	18
6.2	Survival.....	18
7.	NOTE REGISTER.....	19
7.1	Entry into the Note Register	19
7.2	Inspection of the Note Register	19
8.	DISCHARGE AND RELEASE	19
9.	AMENDMENT TO DEED POLL AND TERMS AND CONDITIONS OF ISSUE	19
10.	GST	19
10.1	Interpretation.....	19
10.2	GST Gross Up.....	19
10.3	Reimbursements	20
10.4	Tax invoice	20
11.	NOTICES	20
12.	MISCELLANEOUS.....	20
12.1	Waiver.....	20
12.2	Severance.....	20
12.3	Governing Law.....	21
	SCHEDULE 1 - NOTICES	22
	SCHEDULE 2 - TERMS AND CONDITIONS OF ISSUE	24
	ANNEXURE A - NOTICE OF CONVERSION OF NOTES BY NOTEHOLDER.....	38
	SCHEDULE 3 - NOTE CERTIFICATE	40

DEED POLL is made on

26 November

2014

BY

TERRAMIN AUSTRALIA LIMITED (ABN 67 062 576 238) of Level 3, 70 Hindmarsh Square, Adelaide, South Australia, Australia (the **Company**)

IN FAVOUR OF

THE PERSONS WHO ARE FROM TIME TO TIME THE NOTEHOLDERS

BACKGROUND

The Company proposes to create and issue convertible notes in accordance with the terms of this deed poll.

AGREED TERMS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this deed poll, unless the context requires otherwise:

Accounting Standards means:

- (a) accounting standards approved under the Corporations Act and its requirements about the preparation and contents of accounts; and
- (b) generally accepted accounting principles, policies, practise and procedures in Australia.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited or the stock exchange operated by ASX Limited (as the context requires).

Authorisation means any consent, authorisation, registration, filing, lodgement, notification, agreement, certificate, commission, lease, licence, permit, approval or exemption from, by or with any Governmental Authority.

Business Day means a day on which banks are open for general banking business in Adelaide, South Australia, excluding Saturdays, Sundays and public holidays.

Cleansing Notice means a notice by the Company complying with the requirements of Section 708A(6) of the Corporations Act.

Company Group means the Company and, for so long as they each remain a subsidiary of the Company within the meaning of the Corporations Act, Terramin Spain, Terramin Exploration and WMZ.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the board of directors of the Company acting at a duly convened meeting of that board or by circulating resolution in accordance with the Constitution.

Encumbrance means any interest or power:

- (a) reserved in or over any interest in any asset including, but not limited to, any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to, any agreement to grant or create any of the above.

Event of Default means an event listed in clause 5.1.

Face Value in respect to a Note means US\$0.10 (ten US cents).

Financial Indebtedness means any obligation (whether present or future, actual or contingent) for the payment of money in respect of:

- (a) any moneys borrowed, raised, advanced or paid or any other financial accommodation; or
- (b) any bill of exchange, bond, debenture, note or similar instrument; or
- (c) any acceptance, endorsement or discounting arrangement; or
- (d) any lease or any rental payments under leases entered into primarily as a means of financing the acquisition of the asset leased; or
- (e) deferred payment for any asset or service (other than within the supplier's usual terms of trade); or
- (f) any obligation to deliver goods or provide services paid for in advance (other than:
 - (i) a payment made under a provisional invoice in respect of the sale of any Product; or
 - (ii) Product in respect of which a warehouse receipt has been issued),or in relation to another financing transaction; or
- (g) the amount of capital, premium and dividend payable in connection with any redeemable shares or an amount of purchase price payable for or in connection with the acquisition of any redeemable shares.

Governmental Authority means any government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity or stock exchange (wherever created or located).

Insolvency Event in relation to a person means:

- (a) the person is insolvent within the meaning of the Corporations Act;
- (b) the person suspends or threatens to suspend payment of its debts generally;
- (c) the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or the making of any order, or the passing of any resolution, for the winding up, liquidation or bankruptcy of the party other than where the application or order (as the case may be) is dismissed, withdrawn or set aside within 14 days;
- (d) an application is made to the court for an order appointing a provisional liquidator, liquidator, receiver or a receiver and manager or other insolvency official (whether under Australian law or foreign law) to the person or to the whole or a substantial part of the property or assets of the person other than where the appointment is terminated or set aside within 14 days;
- (e) the appointment of an administrator to the person other than an appointment which is terminated or set aside within 14 days;
- (f) the person ceases or threatens to cease to carry on business;
- (g) the person enters into, or resolves to enter into, a scheme or arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any of them;
- (h) the person resolves to wind itself up, or otherwise dissolve itself, or gives notice of its intention to do so, except to reconstruct or amalgamate while insolvent or is otherwise wound up or dissolved;
- (i) the person is or states that it is unable to pay its debts when they fall due;
- (j) the person is, or makes a statement from which it may be reasonably deduced that the person is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act;
- (k) the person takes any steps to obtain protection or is granted protection from its creditors, under any applicable legislation or an administrator is appointed to the person or the board of directors of the person propose to appoint an administrator to the person or the person becomes aware that another person who is entitled to enforce a charge on the whole or substantially the whole of the person's property proposes to appoint an administrator to the person; or

-
- (l) anything analogous to the events described in paragraphs (a) to (g) (inclusive) under foreign law which commences or is amended after the date of this deed poll.

Issue Date in respect of a Note means the date on which that Note was issued by resolution of the Directors.

Listing Rules means the rules known as “ASX Listing Rules” as published by ASX.

Loss means any claim, damage, loss, liability, expense, damage, reasonable legal costs and expenses, outgoings and payments.

Material Adverse Effect means a material adverse effect on:

- (a) the ability of any member of the Company Group to observe or perform its material obligations under a Transaction Document; or
- (b) the assets, operations, condition (financial or otherwise) or business of the Company Group taken as a whole, which would have or is likely to have a material adverse effect on the ability of the Company to satisfy any of its payment obligations under a Transaction Document;

as determined by the Noteholder acting reasonably.

Note means a convertible note created by the Company pursuant to this deed poll and issued, by resolution of the Directors, on the Terms and Conditions of Issue.

Note Certificate means a convertible note certificate in the form set out in Schedule 3.

Note Register means the register maintained by the Company of the holders of convertible notes issued by the Company from time to time.

Noteholder means the registered holder of a Note from time to time.

Outstanding Moneys means all money that the Company now owes or in the future may come to owe, actually or contingently, for any reason, to one or more of the Noteholders in connection with any Note or under or in relation to any Transaction Document, and includes all or part of the Outstanding Moneys.

Share means a fully paid ordinary share in the capital of the Company.

Subscription Agreement means any agreement between the Company and the Noteholder or a predecessor in title in respect of the Notes held by the Noteholder under which that Noteholder or predecessor in title subscribed for Notes.

Tax means a tax, levy, duty, charge, deduction or withholding, however it is described, that is imposed by law or by a Governmental Authority, together with any related interest, penalty, fine or other charge, excluding any and all taxes based on income (net or gross) profits or gains of the Noteholder.

Terms and Conditions of Issue means the terms and conditions of issue of the Notes set out in Schedule 2.

Terramin Exploration means Terramin Exploration Pty Ltd ACN 122 765 708.

Terramin Spain means Terramin Spain SL, a company incorporated in Spain (company number B-64060395), with its registered office at 103 Passieg de Gracia, Barcelona, Spain.

Trading Day has the meaning given to the expression “trading day” in Chapter 19 of the Listing Rules.

Transaction Document means:

- (a) this deed poll;
- (b) the Subscription Agreement;
- (c) any other document or agreement which the Company and the Noteholder agree in writing is a Transaction Document for the purposes of this deed poll.

WMZ means Western Mediterranean Zinc SPA, a joint stock company incorporated in Algeria, with its registered office located at 31 Rue Mohamed Hattab, Hacene Baddie, E1 Harrach, Algiers, Algeria.

1.2 Interpretation

In this deed poll, including the Background, unless the contrary intention appears:

- (a) words denoting the singular include the plural and vice versa;
- (b) a reference to any one of an individual, corporation, partnership, joint venture, association, authority, trust or government includes (as the context requires) any other of them;
- (c) the table of contents and headings are for convenience only and do not affect interpretation;
- (d) a reference to any instrument (such as a deed, agreement or document) is to that instrument (or, if required by the context, to a part of it) as amended, novated, substituted or supplemented at any time and from time to time;
- (e) a reference to a party is a reference to a party to this deed poll and includes that party’s executors, administrators, successors and permitted assigns;
- (f) a reference to the Background or a clause, schedule or annexure is to the section of this deed poll headed “Background” or to a clause (including sub-clause, paragraph, sub-paragraph or further subdivision of a clause), schedule or annexure of or to this deed poll, and a reference to a paragraph is to a paragraph in a schedule or the Background;
- (g) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or substitution for, and any subordinate legislation under, that legislation or legislative provision;

-
- (h) a reference to **AUD** or **A\$** is a reference to lawful currency of Australia;
 - (i) a reference to **USD, US\$, \$** or **dollar** is a reference to the lawful currency of the United States of America;
 - (j) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
 - (k) **including** and similar expressions are not and must not be treated as words of limitation; and
 - (l) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this deed poll or any part of it.

1.3 Other rules of interpretation

In this deed poll, unless expressly provided otherwise:

- (a) **(method of payment)** any payment of money by one party to another shall be made in USD by bank cheque or by credit of same day cleared funds to a bank account specified by the recipient;
- (b) **(consents and approvals)** if the doing of any act, matter or thing requires the consent, approval or agreement of any party, that consent, approval or agreement must not be unreasonably refused, withheld or delayed;
- (c) **(Business Days)** if:
 - (i) the day on or by which any act, matter or thing is to be done is a day other than a Business Day, the act, matter or thing shall be done on the next Business Day; and
 - (ii) any money falls due for payment on a date other than a Business Day, that money shall be paid on the next Business Day (and the period for calculation of interest shall be extended accordingly); and
- (d) **(Event of Default subsists)** an Event of Default subsists until either:
 - (i) remedied to the Noteholder's satisfaction (acting reasonably) before any power or right relating to that Event of Default is exercised; or
 - (ii) waived in writing by the Noteholder.

1.4 Deed Poll

- (1) The entry in the Note Register of the name of a person as the Noteholder will confer on that person the benefit of the covenants by the Company under this deed poll.
- (2) The Noteholder and any person claiming under the Noteholder shall be bound by this deed poll.

-
- (3) The Noteholder has the benefit of, and is entitled to enforce this deed poll, even though it is not a party to this deed or it is not in existence at the time this deed poll is executed.
 - (4) The Notes are issued subject to and on the basis that the Noteholder is taken to have notice of all the provisions of this deed poll (including the Terms and Conditions of Issue).

2. CREATION OF NOTES

2.1 Creation and issue of Notes

- (1) The Company hereby creates 110,000,000 (one hundred and ten million) Notes, each having a Face Value of US\$0.10 (ten US cents) and otherwise on the Terms and Conditions of Issue.
- (2) The Directors may, subject to any agreement by the Company to the contrary, at any time and from time to time issue Notes to the person(s) the Directors see fit.

2.2 Status and terms of issue of Notes

Each Note will:

- (a) rank pari passu among themselves;
- (b) be unsecured;
- (c) be subject to the provisions of this deed poll (including the Terms and Conditions of Issue); and
- (d) be issued on the Terms and Conditions of Issue.

2.3 Covenant to Pay

By the issue of a Note the Company covenants with the relevant Noteholder to pay, or satisfy, when due in accordance with the Terms and Conditions of Issue, the Face Value, and all other amounts payable or to be satisfied, in respect of that Note under the Terms and Conditions of Issue.

3. NOTE CERTIFICATES

- (1) The Company must issue a Note Certificate to each person who is issued a Note within five Business Days after the Issue Date of that Note.
- (2) The Terms and Conditions of Issue must be appended to or endorsed on each Note Certificate but if the Company fails to do so the Terms and Conditions of Issue will nonetheless be deemed to be appended to or endorsed on the Note Certificate.

4. WARRANTIES AND UNDERTAKINGS BY COMPANY

4.1 Company Warranties

The Company warrants to the Noteholder as at the Issue Date in relation to each Note held by that Noteholder:

- (a) **(existence)** that it is duly incorporated and has the corporate power to own its property and carry on its business as is now being conducted;
- (b) **(due authority)** it has taken all corporate and other action required to enter into this deed poll to issue the Notes and to authorise the execution and delivery of this deed poll, the issue of the Notes, and the satisfaction of its obligations under this deed poll and the Terms and Conditions of Issue;
- (c) **(legally binding obligations)** this deed poll and each Note constitute valid, legally binding and enforceable obligations of the Company in accordance with their terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganisation, moratorium or trust or other similar laws affecting creditors' rights generally;
- (d) **(filings)** the Company has filed all corporate notices and effected all registrations with the ASIC or similar office in the jurisdiction of its incorporation and in any other jurisdiction as required by law. All those filings and registrations are current, complete and accurate;
- (e) **(no violation)** the execution, delivery and performance of the deed poll and issue of the Notes does not violate its constitution, the Listing Rules or any law applying to it or any documentation or agreement to which the Company is a party or which is binding on it or any of its assets;
- (f) **(authorisations)** all consents, licences, approvals and authorisations of every Governmental Authority required to be obtained by the Company in connection with the execution, delivery and performance of this deed poll and the issue of each Note have been obtained and are valid and subsisting; and
- (g) **(no Insolvency Event)** no Insolvency Event is subsisting in relation to the Company.

4.2 General Undertakings

The Company must (unless otherwise agreed by the Noteholder):

- (a) **(corporate existence)** do all things necessary to maintain its corporate existence in good standing and its registration in the place of its registration as at the date of this deed poll;
- (b) **(conduct of business)** carry on its business in a proper and efficient manner and with that degree of skill, prudence and operating practice which would reasonably and ordinarily be expected from a skilled and experienced owner and operator engaged in the same or a similar kind of business as the business

of the Company or the relevant member of the Company Group under the same or similar circumstances;

- (c) **(Authorisations)** obtain, renew on time and comply with, and procure that each other member of the Company Group obtains, renews on time and complies with, the terms of all Authorisations material to the conduct of the Company's or relevant member of the Company Group's business and necessary for the Company to enter into the Transactions Documents and to comply with its obligations under the Transaction Documents;
- (d) **(accounting records)** keep proper books of account in accordance with Accounting Standards;
- (e) **(maintain material assets)** maintain, and procure that each other member of the Company Group maintains, in good working order and condition (having regard to the nature and extent of their use) all material assets necessary for the Company's or the relevant member of the Company Group's business operations;
- (f) **(compliance with laws)** comply with, and procure that each other member of the Company Group complies with, all applicable laws, Authorisations and mandatory requirements of any Governmental Authority, where the failure to do so would have or be likely to have a Material Adverse Effect;
- (g) **(compliance with Transaction Documents)** comply punctually with its material obligations under each Transaction Document and with the terms attaching to any approval or consent given in connection with any Transaction Document;
- (h) **(not reduce capital)** ensure the Company's capital is not reduced or is made capable of being called up only in certain circumstances;
- (i) **(financial obligations)** pay or cause to be paid, and procure that each other member of the Company Group pays or causes to be paid, its financial obligations, including all rents, rates, royalties and other outgoings payable by it, as and when the same respectively become due and payable (having regard to any applicable grace period); and
- (j) **(Taxes)** pay, and procure that each other member of the Company Group pays, when due all Taxes assessed, levied or imposed on it or its assets (except to the extent they are the subject matter of a good faith dispute).

4.3 Negative Undertakings

Unless otherwise consented to by the Noteholder, the Company must:

- (a) **(constituent documents)** not amend, alter or vary its Constitution in any way which may be materially prejudicial to the interests of the Noteholders;
- (b) **(merger or consolidation)** not enter into any merger or consolidation with any other entity (**merger entity**) unless:

-
- (i) either, following the merger or consolidation:
 - (A) the ordinary shares (or equivalent) of the merger entity will be quoted on a recognised securities exchange or market; or
 - (B) the Company will remain an entity whose ordinary shares are quoted on a recognised securities exchange or market; and
 - (ii) the terms of this deed poll have been amended in a manner:
 - (A) approved by the Noteholder;
 - (B) if the Company will cease to be an entity whose ordinary shares are quoted on a recognised securities exchange or market, that enables the Notes to be converted into ordinary shares in the merger entity on the same terms, or substantially the same terms, that the Notes are to be converted to Shares under this deed poll.

4.4 Notification of certain events

The Company must notify the Noteholder, with reasonable details, promptly after the Company becomes aware of any of the following:

- (a) **(Event of Default)** an Event of Default occurring and (if applicable) the steps taken or proposed to be taken to remedy it;
- (b) **(Material Adverse Effect)** any change in the position or prospects of the Company which has or is likely to have a Material Adverse Effect; and
- (c) **(incorrect representation or warranty)** if any representation or warranty made by the Company under or in connection with a Transaction Document is found to have been incorrect or misleading when made.

5. EVENTS OF DEFAULT

5.1 Event of Default

It is an Event of Default if any one or more of the following occurs:

- (a) **(failure to pay)** the Company fails to pay any of the Outstanding Moneys payable by it, in the manner and in the currency required:
 - (i) when due; or
 - (ii) if non-payment relates to payment of interest, fees or charges due, within 5 Business Days after the due date for payment;
- (b) **(failure to comply)** subject to clause 5.1(a), the Company fails to comply in any material respect with any material obligation under a Transaction Document and, if the failure is capable of remedy, it continues unremedied for 30 days after the Noteholder gives notice to the Company of the failure to comply;

-
- (c) **(vitiation of Transaction Document)**
- (i) all or part of any Transaction Document is void, voidable, avoided, illegal, invalid, unenforceable;
 - (ii) any Transaction Document is or becomes limited in its effect and is not replaced, to the satisfaction of the Noteholder, (acting reasonably) within 30 days after the Relevant Party requests its replacement in writing;
 - (iii) any party has the right to terminate, rescind or avoid all or any part of any Transaction Document (other than a Subscription Agreement); or
 - (iv) the execution, delivery or performance of a Transaction Document by a party breaches or results in a contravention of any applicable law and that contravention is reasonably likely to have a Material Adverse Effect;
- (d) **(suspension of business)** the Company either suspends or ceases to conduct all or substantially all of its business;
- (e) **(Insolvency)** an Insolvency Event occurs in respect of any member of the Company Group under local jurisdiction;
- (f) **(suspension of shares)** quotation of the Company's shares on ASX has been suspended for a period of more than fifteen days in any period of twelve consecutive months or the Company ceases to be listed on ASX without the prior written consent of the Noteholder;
- (g) **(failure to redeem)** the Company does not redeem any of the Notes in accordance with the Terms and Conditions of Issue;
- (h) **(undertaking not complied with)** a material undertaking given to the Noteholder by the Company in connection with a Transaction Document is not substantially complied with within the period specified in the undertaking or, if no period is specified, within a reasonable time, having regard to the nature of the matters undertaken, after giving the undertaking;
- (i) **(incorrect representation or warranty)** any warranty, representation or statement made by any member of the Company Group in a Transaction Document is untrue, incorrect or misleading in any material respect when made or repeated;
- (j) **(judgment)** a judgement is obtained against any member of the Company Group for an amount exceeding AUD5,000,000 (or its equivalent in any other currency) and is not set aside or satisfied within 30 days or is not covered by insurance;
- (k) **(execution)** a distress, attachment, execution or other process of a Governmental Authority is issued, levied or entered upon an asset of any member of the Company Group in an amount exceeding AUD5,000,000 (or its equivalent in any other currency) and is not set aside or satisfied within 30 days;
-

-
- (l) **(Encumbrance)** any Encumbrance over any material asset of any member of the Company Group is enforced;
 - (m) **(Financial Indebtedness)** any Financial Indebtedness of any member of the Company Group of an amount exceeding AUD5,000,000 (or its equivalent in any other currency):
 - (i) becomes due and payable as a consequence of a default, which is not remedied or waived within any applicable grace period, before the scheduled date for payment (other than pursuant to an optional right to prepayment); or
 - (ii) is not paid when due and payable (after taking into account any applicable grace period);
 - (n) **(Material Adverse Effect)** an adverse change or event occurs which has had or is likely to have a Material Adverse Effect;
 - (o) **(deregistration)** without the Noteholder's prior written consent, a member of the Company Group is deregistered, or any steps are taken to deregister the Company under the Corporations Act or other applicable legislation;
 - (p) **(capital reduction and financial assistance)** without the Noteholder's prior written consent, the Company or any member of the Company Group:
 - (i) takes action to reduce its share capital (other than by redeeming redeemable preference shares) or to buy back its shares; or
 - (ii) passes or takes any steps to pass any resolution of the kind referred to in section 260B of the Corporations Act; and
 - (q) **(reorganisation)** without the Noteholder's prior written consent, any member of the Company Group implements or proposes to implement a merger, demerger or scheme of arrangement with any person unless it is for the purpose of a solvent reconstruction or amalgamation and does not, in the reasonable opinion of the Noteholders, adversely affect the rights or interests of Noteholders in respect of Notes.

5.2 Consequences of Event of Default

If an Event of Default occurs and for so long as it subsists, without limiting any other rights or remedies of the Noteholder:

- (a) the Noteholder may give notice to the Company that the Notes are to be redeemed; and
- (b) the Noteholder may thereafter take any action or proceeding necessary or desirable in order to exercise any right or power conferred by any Transaction Document.

6. COMPANY INDEMNITIES

The Company indemnifies the Noteholder against any Loss the Noteholder may sustain or reasonably incur as a result of:

- (a) the occurrence of an Event of Default, other than an Event of Default in respect of which, and to the extent that, the Noteholder has a common law right to sue for damages for breach of contract;
- (b) any investigations, enquiries, legal proceedings or review of, or relating to, any Transaction Document undertaken by ASIC, ASX or any other regulatory body;
- (c) any payment of interest or redemption monies in respect of the Notes in a currency other than USD or AUD;
- (d) all payments made by the Noteholder in relation to any Tax which is imposed or levied by any Australian Governmental Authority on the Noteholder in relation to this deed poll or any obligation or event contemplated by this deed poll;
- (e) any increased costs (to the extent that the Noteholder cannot, by reasonable action, avoid them) borne by the Noteholder or any reduction in any amount received or receivable by the Noteholder or reducing the Noteholder's effective return applicable to the Notes, arising from the introduction of, or any change in, or change in a Governmental Authority's interpretation or administration of, any:
 - (i) law or regulation (excluding in relation to Tax payable in a jurisdiction other than Australia); or
 - (ii) order, treaty or official policy, ruling, directive, guideline or request of any central bank or other Governmental Authority,

except to the extent the Loss is sustained or incurred as a result of:

- (f) actions arising out of or as a result of the wilful misconduct, negligence or fraud of the Noteholder;
- (g) any breach of law or regulation which was the sole responsibility of the Noteholder to comply with; or
- (h) any penalty or fine that the Noteholder is required to pay for any contravention of the Corporations Act or other applicable law.

7. NOTE REGISTER

7.1 Entry into the Note Register

The Company must record in the Note Register the name and address of the holder of each Note issued, and in respect of each of those Notes, its number and Face Value, Issue Date, and details (including date) of its transfer, conversion or redemption and such other particulars as the Company determines.

7.2 Inspection of the Note Register

The Note Register must be open at all reasonable times during business hours for inspection by any person whose name appears in the Note Register.

8. DISCHARGE AND RELEASE

The Company is immediately discharged and released from its liabilities and obligations under this deed poll in respect of any Note on the date that Note is:

- (a) redeemed in accordance with the Terms and Conditions of Issue; or
 - (b) converted in accordance with the Terms and Conditions of Issue,
- whichever is the first to occur.

9. AMENDMENT TO DEED POLL AND TERMS AND CONDITIONS OF ISSUE

The Company may, by resolution of the Board, modify, alter, cancel, amend or add to all or any of the provisions of this deed poll and the Terms and Conditions of Issue, if:

- (a) in the Board's reasonable opinion, the modification, alteration, cancellation, amendment or addition is necessary to comply with the provisions of any law, statute or the requirements of any statutory or regulatory authority; or
- (b) such modification, alteration, cancellation, amendment or addition (including to correct a manifest error) does not adversely affect the rights or interests of the Noteholders under this deed poll and has the prior written approval of the Noteholder.

10. GST

10.1 Interpretation

In this clause 10, a word or expression defined in the *A New System (Goods and Services Tax) Act 1999* (Cth) has the meaning given to it in that Act.

10.2 GST Gross Up

If a party (**Supplier**) makes a supply under or in connection with this deed poll in respect of which GST is payable, the consideration for the supply but for the application of this clause 10.2 (**GST exclusive consideration**) is increased by an amount equal to the GST exclusive consideration multiplied by the prevailing rate of GST (**GST Amount**). The GST Amount must be paid without set off or deduction at the same time and in the same manner as the GST exclusive consideration is payable or to be provided, subject to the due provision of a tax invoice.

10.3 Reimbursements

If a party must reimburse or indemnify another party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by any input tax credit the other party, or the representative member of the GST group that party is a member of

(as the case may be), is entitled to for the loss, cost or expense, and then increased in accordance with clause 10.2.

10.4 Tax invoice

The Supplier must give the recipient a tax invoice in respect of a taxable supply made under or in connection with this deed poll.

11. NOTICES

Schedule 1 applies to notices, requests, consents and other communications under or connected with this deed poll.

12. MISCELLANEOUS

12.1 Waiver

- (1) The failure by the Company or the Noteholder at any time to enforce any of its powers, remedies or rights under this deed poll will not constitute a waiver of those or any other powers, remedies or rights or affect the Company's or the Noteholder's rights to enforce those or any other powers, remedies or rights at any time.
- (2) Any single or partial exercise of a power, remedy or right does not preclude any other or further exercise of it or the exercise of any other power, remedy or right under this deed poll.
- (3) A provision, or a breach by the Company of a provision, of this deed poll that is binding on the Company may only be waived by the Noteholder and any such waiver shall be binding on all Noteholders.

12.2 Severance

If a provision of this deed poll is prohibited, invalid or unenforceable in any jurisdiction, that provision will, as to that jurisdiction, be ineffective to the extent of the prohibition, invalidity or unenforceability without invalidating the remaining provisions of this deed poll or affecting the validity or enforceability of that provision in any other jurisdiction.

12.3 Governing Law

This deed poll is governed by the law in force in South Australia and the parties submit to the non-exclusive jurisdiction of the courts of South Australia and all courts competent to hear appeals from the courts of South Australia in respect of all proceedings arising in connection with this deed poll.

SCHEDULE 1 - NOTICES

1. Delivery

A notice, consent, request or other communication under or for the purpose of the deed poll to which this document is Schedule 1 (**Notice**) must be in writing and delivered on a Business Day, sent by prepaid mail (airmail if overseas) email or by facsimile to the address or facsimile number of the recipient party set out in paragraph 3 or to such other postal or email address or facsimile number as that party may from time to time notify the other parties for the purposes of this schedule.

2. Receipt

A Notice given in accordance with paragraph 1 will be treated as having been received:

- (a) if it is hand delivered before 5.00 pm on a Business Day, at the time of delivery otherwise at 9.00 am on the next following Business Day; or
- (b) on the third Business Day (or seventh Business Day if sent overseas) after posting; or
- (c) if sent by facsimile, upon production of a correct and complete transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient notified for the purposes of this paragraph (but if the communication is not completed by 5.00 pm on a Business Day, at 9.00 am on the next following Business Day).
- (d) If sent by email, at the time shown in the delivery confirmation report generated by the sender's email system unless such time is after 5.00 pm on a Business Day, in which case the Notice is taken to be received at 9.00 am on the next following Business Day.

3. Addresses for Notices

For the purposes of this schedule, the address and facsimile details of each party are as follows:

Company

Attention: Chief Executive Officer; and
Company Secretary
Address: Level 3
70 Hindmarsh Square
Adelaide SA 5000
Facsimile: +61 8 8213 1416
Email: mjanest@terramin.com.au and sgauducheau@terramin.com.au

The Noteholder

Attention: Mr Zheng Shun Cai
Address: Portcullius Trustnet Chambers, P.O.Box 3444, Road Town Tortola,
British Virgin Island
Facsimile: TBA
Email: xxs@yzjship.com

4. In this Schedule 1, "Business Day" means a day which is not a Saturday, Sunday or public holiday in the place to which a Notice is sent.

SCHEDULE 2 - TERMS AND CONDITIONS OF ISSUE

These Terms and Conditions of Issue attach to the Notes issued by Terramin Australia Limited under the Convertible Note Deed Poll (**Deed Poll**) to which a copy of these Terms and Conditions of Issue is Schedule 2.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Terms and Conditions of Issue, unless the context otherwise requires:

- (a) an expression given a meaning in the Deed Poll has the same meaning as in the Deed Poll; and
- (b) the following expressions have the following meanings respectively:

5 Day VWAP means the volume weighted average of the selling prices (in AUD) of the Shares sold on ASX for the 5 Trading Days immediately preceding the relevant Interest Payment Date, Conversion Date or Redemption Date (as the case may be).

Conversion Date means the date on which Shares must be issued under Condition 4.3 on conversion of a Note(s) the subject of a Conversion Notice.

Conversion Notice means the notice in the form of Attachment A to these Terms and Conditions.

Conversion Price means US\$0.10 (ten US cents), as adjusted under Condition 8 and, if applicable, clause 5.3.

Initial Noteholder means **Rainbow Dream Worldwide Corp.**, a company incorporated in the British Virgin Islands, of Porticullius Trustnet Chambers, P.O.Box 3444, Road Town Tortola, British Virgin Island.

Interest Payment Date means the last day of each Interest Period.

Interest Period in respect of a Note means the period of 180 days commencing on, in the case of the first Interest Period applicable to that Note, the Issue Date of that Note and, in the case of each subsequent Interest Period, on the day following the last day of the immediately preceding Interest Period provided that:

- (i) if an Interest Period ends on a day which is not a Business Day, it is taken to end on the next Business Day; and
- (ii) an Interest Period which would otherwise end after the Redemption Date or Conversion Date of that Note ends on that Redemption Date or Conversion Date (as the case requires).

Interest Rate 5.0% per annum, fixed for the term of the Notes.

Maturity Date in respect of a Note means the second anniversary of the Issue Date of that Note.

Redemption Amount has the meaning given in Condition 6.4(1).

Redemption Date in respect of a Note means:

- (i) the Maturity Date of that Note; or
- (ii) the date on which that Note is otherwise redeemed in accordance with the Terms and Conditions of Issue, which must be (as applicable):
 - (A) 10 Business Days from the date of issue of a Redemption Notice given under Condition 6.2 in respect of that Note; or
 - (B) not more than 30 days, or such shorter period (if any) required by applicable law, from the date of issue by the Noteholder that holds that Note of a notice under Condition 6.3; or

Subscription Agreement means the agreement titled "Convertible Note and Share Subscription Agreement" made between the Company and the Initial Noteholder and dated on or about the date of the Deed Poll.

USD 5 Day VWAP means the volume weighted average of the selling prices of the Shares sold on ASX for the 5 Trading Days immediately preceding the relevant Interest Payment Date, Conversion Date or Redemption Date (as the case may be), calculated by converting the volume weighted average of the selling prices for each of those Trading Days to USD at the WM Reuters Fix for that Trading Day and averaging the resultant USD amounts.

WM Reuters Fix for any date means:

- (iii) the AUD/USD rate at 4:00pm Sydney time published references as the WM/Reuters Australian Dollar Fix displayed on <http://aciaustralia.com.au> or www.rba.gov.au as at that date or if that rate is not so published on that date, the rate so published on the previous Trading Day; or
- (iv) if WM/Reuters Australian Dollar Fix ceases to be published on <http://aciaustralia.com.au> or www.rba.gov.au, another website or other source for determining an AUD/USD exchange rate as substituted by the Noteholder (acting in good faith) and advised to the Company in writing by the Noteholder promptly on request by the Company.

1.2 Interpretation

Clauses 1.2 and 1.3 of the Deed Poll shall apply, with all necessary changes made, to these Terms and Conditions of Issue as if set out in full.

2. GENERAL TERMS OF ISSUE

2.1 Terms

Each Note:

- (a) is issued at its Face Value of US\$0.10 (ten US cents);
- (b) bears interest under Condition 3;
- (c) is convertible in the manner and at the times determined in accordance with Condition 4; and
- (d) is transferable in accordance with Condition 12.

2.2 Term

Each Note will, unless converted or redeemed earlier in accordance with these Terms and Conditions of Issue, be redeemed on the Maturity Date.

2.3 Quotation

The Notes will not be quoted on ASX or on any securities exchange.

2.4 Status

Each Note constitutes a direct and unsecured obligation of the Company and ranks *pari passu* with each other Note on issue from time to time.

3. INTEREST

3.1 Amount of interest

- (1) For each Note, interest accrues daily (calculated on the basis of a 360 day year) on the Face Value of that Note at the Interest Rate.
- (2) Interest is payable on each Note from and including the Issue Date of that Note up to and including the Conversion Date or the Redemption Date, whichever is the earlier.

3.2 Payment of interest

- (1) Interest on each Note is payable in arrears on each Interest Payment Date.
- (2) The Company must pay interest on each Note within 5 Business Days of:
 - (a) each Interest Payment Date; or
 - (b) the Conversion Date or the Redemption Date (as the case may be) of that Note.

-
- (3) Subject to Condition 5.1, the Company may elect to pay interest payable to the Noteholder under Condition 3.2(1) on the Notes that Noteholder holds in cash (in USD) or by way of the issue of Shares in accordance with Condition 3.3, or a combination of both cash (in USD) and Shares. The Company must notify the Noteholder of its election under this Condition 3.2(3) by no later than the Trading Day immediately prior to the relevant Interest Payment Date, Conversion Date or Redemption Date (as the case may be). If the Company fails to make an election in accordance with this Condition 3.2(3), interest for the relevant Interest Period must be paid in cash.

3.3 Issue of Shares

- (1) Subject to Chapter 6 of the Corporations Act, if the Company elects, in accordance with Condition 3.2(3) to issue Shares to the Noteholder in payment of all or part of the interest payable to the Noteholder, the number of Shares to be issued to the Noteholder is calculated in accordance with the following formula:

$$N = \text{Interest} / (\text{USD 5 Day VWAP} \times 0.95)$$

Where:

Interest means the amount of interest payable to the Noteholder on the relevant Interest Payment Date, Conversion Date or Redemption Date (as the case may be) which the Company has elected to pay by way of an issue of Shares.

- (2) If the calculation under Condition 3.3(1) in respect of the Noteholder results in an entitlement to a number of Shares which includes a fraction of a Share, that fraction will be rounded upwards.
- (3) Shares to be issued to the Noteholder in payment of interest must be issued on or by the relevant date specified in Condition 3.2(2).

4. CONVERSION

4.1 Noteholder may convert

Subject to Condition 5.1, the Noteholder may convert some or all of the Notes at any time from the Issue Date of the relevant Notes up to the Maturity Date (in multiples of 100,000 Notes) held by the Noteholder by giving the Company a Conversion Notice.

4.2 Conversion formula

- (1) The Notes the subject of a Conversion Notice shall convert into the number of Shares calculated in accordance with the following formula:

$$N = (A + B) / C$$

where:

A means the aggregate of the Face Value of the Notes the subject of the Conversion Notice;

B means the accrued but unpaid interest on the Notes the subject of the Conversion Notice up to and including the Conversion Date;

C means the Conversion Price.

- (2) If the calculation under Condition 4.2(1) results in an entitlement to a number of Shares which includes a fraction of a Share, that fraction will be rounded upwards.

4.3 Time for issue of Shares on Conversion

If the Company receives a Conversion Notice, the Notes the subject of the Conversion Notice must be converted by the Company on the fifth Business Day after:

- (a) the date on which the Conversion Notice is received by the Company; or
- (b) in respect of those Notes (if any) to which Condition 5.1 applies, the date on which all Requisite Approvals to the issue of Shares on conversion of those Notes are obtained.

5. ISSUE OF SHARES

5.1 Condition to issue of Shares

- (1) If:
- (a) the Company elects under Condition 3.2(3) to issue Shares in payment of interest; or
 - (b) the Noteholder exercises its right to convert Notes into Shares under Condition 4.1,

then, to the extent the Shares to be issued in payment of interest or on conversion of the relevant Notes cannot legally be issued and allotted by the Company or acquired by the Noteholder without the Company or that Noteholder first obtaining any necessary regulatory and/or Shareholder approval to the issue and allotment of those Shares (**Requisite Approvals**), the issue of those Shares will be subject to the Company or the Noteholder concerned (as the case requires) obtaining the Requisite Approvals in a timely fashion and in any event within 60 Business Day after the relevant date for payment of interest under Condition 3.2(2) or after the Conversion Date (as the case requires), or such later date as the Company or Noteholder concerned may agree.

For the avoidance of any doubt, this Condition 5.1(1) applies only in respect to that number of Shares (if not all) that, by law, the Company cannot issue and allot to the Noteholder, and the Noteholder cannot acquire, without first obtaining the Requisite Approvals to the issue and allotment of those Shares (**Relevant Shares**). To the extent this Condition 5.1(1) does not apply to the

Shares to be issued and allotted in payment of interest or on conversion, those Shares must be issued to the Noteholder in accordance with Condition 3.2(2)(b) or Condition 4.3(a) (as applicable).

- (2) If any applicable law would otherwise be breached but for this Condition 5.1(2), the provisions of these Terms and Conditions of Issue that relate to the acquisition by the Noteholder of an interest in Shares do not become binding unless and until the Requisite Approval required by that law is obtained.
- (3) The Company and the Noteholder concerned must:
 - (a) promptly inform each other of the need to obtain any Requisite Approvals;
 - (b) consult with each other in seeking all Requisite Approvals;
 - (c) use all reasonable endeavours to obtain those Requisite Approvals which are within its control to obtain;
 - (d) give all information and whatever assistance and support the party seeking a Requisite Approval reasonably requires in connection with that Requisite Approval.
- (4) The Noteholder must keep the Company reasonably and promptly informed of all of its dealings in Shares and other securities of the Company so that the Company is aware whether or not at any time a Requisite Approval may be required and whether or not, and to the extent, Condition 5.1 (if applicable to that Noteholder) may apply.
- (5) If the Requisite Approvals are not obtained to the issue and allotment of the Relevant Shares by the relevant date specified in Condition 5.1(1) then:
 - (a) in the case where the Relevant Shares were to be issued in payment of interest, the Company must pay that part of the interest that was to be paid by way of the issue of the Relevant Shares in cash on the relevant date for payment of the interest; or
 - (b) in the case where the Relevant Shares were to be issued on conversion of Notes pursuant to a Conversion Notice given in accordance with Condition 4.1, then that Conversion Notice will, to the extent it gave notice to convert Notes to the Relevant Shares, be taken to have been revoked by the Company or the Noteholder (as the case requires).

5.2 Agreement to be bound

The Noteholder agrees to take Shares issued to it in accordance with these Terms and Conditions of Issue subject to, and to be bound by, the Company's Constitution in respect of those Shares and to its name being entered in the Company's register of members in respect of those Shares.

5.3 Shares rank equally

- (1) Shares issued to the Noteholder as contemplated by these Terms and Conditions of Issue will rank equally in all respects with the existing Shares on issue as from the date of issue of those Shares.
- (2) If the issue and allotment of Shares in satisfaction of interest or on conversion of any Notes is delayed because of Condition 5.1 and between:
 - (a) the date on which, disregarding Condition 5.1, those Shares were to have been issued in accordance with these Terms and Conditions of Issue; and
 - (b) the date the relevant Shares are issued and allotted,

the Company pays any dividend on Shares or makes any distribution in respect of Shares or confers any other benefit in respect of Shares, to the extent permitted by law:

- (c) the 5 Day VWAP or the Conversion Price (as the case requires) shall be reduced by:
 - (i) the amount per ordinary share of any dividend or other cash distribution; or
 - (ii) the value per ordinary share, as determined by the Directors, of any non cash distribution or other benefit, not provided for in clause 5.3(2)(d),

made on, or in respect of, Shares; or
- (d) if the benefit is a bonus issue of Shares the number of Shares to be issued shall be adjusted so as to be the number which would have been issued had the relevant Shares been issued before the record date for that bonus issue.

5.4 Application for quotation and Cleansing Notice

The Company must:

- (a) apply to ASX for official quotation for all the Shares issued to the Noteholder pursuant to these Terms and Conditions of Issue, within 5 Business Days of their issue; and
- (b) each time Shares are issued pursuant to these Terms and Conditions of Issue, if permitted by the Corporations Act, lodge a Cleansing Notice with ASX within the period allowed under the Corporations Act.

6. REDEMPTION

6.1 Redemption on Maturity Date

All (but not some only) of the Notes held by the Noteholder must, unless the Notes have been or are to be converted under a Conversion Notice, be redeemed on the Maturity Date.

6.2 Redemption on Event of Default

The Notes held by the Noteholder must be redeemed if the Noteholder gives the Company a notice in accordance with clause 5.2(1)(a) of the Deed Poll.

6.3 Redemption on Illegality

If subsequent to the issue of any Notes it becomes apparent to the Noteholder or the Company that there has been a change in law or other event which makes it illegal for that Noteholder to continue to be a legal and or beneficial holder of the Notes it holds or exercise or enforce any of its rights or benefits under the Deed Poll without contravening the law, the Notes held by that Noteholder are redeemable at the election of that Noteholder by giving 30 Business Days (or such lesser notice as is required under applicable law) prior written notice to the Company.

6.4 Amount on redemption

- (1) Notes to be redeemed are redeemable for an amount in cash equal to the aggregate Face Value of the Notes plus any accrued but unpaid interest on those Notes calculated up to and including the Redemption Date (**Redemption Amount**).
- (2) The Company must pay the Redemption Amount or, in the case of interest, satisfy it wholly or in part by an issue of Shares in accordance with Condition 3.2(3), on the Redemption Date.

7. SURRENDER OF NOTE CERTIFICATE

On the Company redeeming a Note in accordance with Condition 6 or on conversion of a Note under Condition 4:

- (a) the relevant Noteholder must surrender and deliver to the Company the relevant Note Certificate; and
- (b) if on a conversion that Note Certificate is for more Notes than are being converted, the Company must promptly issue and send to the Noteholder a Note Certificate for the Notes not being converted that are represented by the Note Certificate surrendered and delivered by the Noteholder.

8. REORGANISATION

To the extent permitted by the Listing Rules, where as a consequence of:

-
- (a) a pro rata bonus issue of Shares (not including an issue for cash or other consideration);
 - (b) a rights issue of Shares or other securities convertible to Shares;
 - (c) a subdivision or consolidation of Shares;
 - (d) any other reorganisation of share capital; or
 - (e) any other act or event which is analogous to any of the above or equity dilutive in nature,

(each a **Reorganisation Event**) the number of Shares on issue or that would be on issue if all securities convertible to Shares had been converted alters, then the number of Notes and the Conversion Price must be adjusted in the manner permitted by the Listing Rules to ensure that Noteholders do not receive a benefit that the holders of Shares do not receive and do not suffer a detriment that the holders of Shares do not suffer as a result of the Reorganisation Event.

9. CANCELLATION OF NOTES

All Notes that are redeemed or converted are automatically cancelled on redemption or conversion and may not be re-issued.

10. PAYMENTS AND TAXES

10.1 Method of payment

All payments by the Company in respect of each Note must be made in USD by credit of same day cleared funds to a bank account nominated in writing by the relevant Noteholder at least 3 Business Days prior to the due date for payment.

10.2 No set-off

All payments in respect of the Notes must be made in full without set-off or counterclaim.

10.3 Gross up

- (1) If a deduction or withholding is required by applicable law to be made from any payment required to be made by the Company to the Noteholder under this deed poll, the Company must:
 - (a) make that deduction or withholding;
 - (b) deal with the amount deducted or withheld strictly in accordance with the law under which it was made; and
 - (c) gross up the payment from which the deduction or withholding is made so that the Noteholder receives the full amount it would have received if the deduction or withholding had not been made.

-
- (2) The Noteholder must use its reasonable endeavours to obtain a benefit (in the form of a Tax credit, rebate or repayment) (**Tax Benefit**) in respect of any amount deducted or withheld by the Company under Condition 10.3(1). If the Noteholder obtains a Tax Benefit and is satisfied (acting reasonably) that it can make a reimbursement to the Company under this Condition 10.3(1) without prejudicing its right to that Tax Benefit, that Noteholder must reimburse to the Company the proportion of that Tax Benefit that will leave it in no worse an after-tax position than it would have been in if the deduction or withholding had not been required, such payment to be made within 14 days of the date upon which the Tax Benefit is used to reduce a liability to Taxation.
 - (3) A certificate from the Noteholder's accountants as to whether any Tax Benefit has been obtained and if so, the extent of it, shall be final and binding on the parties.

11. PARTICIPATION IN FUTURE ISSUES

Notes do not confer any right on or entitle the Noteholder to participate in any future issues of securities by the Company to its Shareholders prior to conversion of Notes into Shares.

12. TRANSFER OF NOTES

12.1 Transfer

- (1) Subject to Condition 12.1(2), the Notes may be freely transferred by way of a standard written instrument of transfer executed by both the Noteholder and the transferee at any time.
- (2) All notes the subject of these Terms and Conditions of Issue must be transferred together. That is, the Noteholder may not transfer the Notes in multiple parcels.

12.2 Transfer in Multiples

Any transfer of Notes must be in whole multiples of 100,000 Notes or less than 100,000 Notes if that comprises all the Notes held by the relevant Noteholder.

12.3 Registration of transfer

- (1) The executed written transfer instrument must be delivered to the Company for registration together with the Note Certificate(s) for the Notes to be transferred.
- (2) Subject to compliance with this Condition 12 and any relevant statute relating to stamp duties, the Company must register the transfer and issue a Note Certificate to the transferee for the number of Notes the subject of the transfer.

13. TITLE TO NOTES

13.1 Title to Notes

The Company will only recognise the person whose name appears in the Note Register as the holder of a Note as the absolute owner of that Note.

13.2 No recognition of trusts or equities

Except as otherwise ordered by a court of competent jurisdiction or as required by statute, the Company is not bound to take notice of any trust or equity to which a Note may be subject or otherwise affecting the ownership of a Note or rights incidental to a Note, and no details of any such equity or trust, express or constructive, will be entered in the Note Register.

14. REPLACEMENT NOTE CERTIFICATES

If a Note Certificate is lost, stolen, defaced or destroyed, a duplicate will be issued by the Company upon request by the Noteholder.

15. EFFECT OF SUSPENSION

If Shares are suspended from trading by ASX or are in a trading halt at any time relevant to the calculation of the 5 Day VWAP the Trading Day(s) during which the suspension or trading halt is in operation shall not be treated as Trading Days when calculating the 5 Day VWAP.

16. JOINT NOTEHOLDERS

16.1 One Note Certificate

Joint Noteholders are entitled to one Note Certificate only in respect of Notes held by them jointly and the Note Certificate will be delivered to the joint Noteholder whose name stands first in the Register.

16.2 Payment to joint Noteholders

- (1) If several persons are entered in the Register as joint Noteholders in respect of a Note the receipt by any one of them for the payment or satisfaction of any principal or interest from time to time payable or repayable to the joint Noteholders is as effective a discharge to the Company as if the person accepting the payment were a sole Noteholder in respect of that Note.
- (2) The issue of a holding statement in respect of Shares issued on conversion of Notes held by joint Noteholders or to satisfy interest in the joint names of joint Noteholders and the despatch of that holding statement to the joint Noteholder whose name appears first in the Register, satisfies the Company's obligations relating to the issue of Shares to joint Noteholders.

16.3 More than three joint Noteholders

The Company is not bound to register more than three persons as the joint holders of any Notes.

16.4 Execution of documents by joint Noteholders

Subject to these Terms and Conditions of Issue, all of the joint Noteholders in respect of a Note must execute any:

- (a) transfer form for the Note;
- (b) Conversion Notice for the Note; or
- (c) Redemption Notice for the Note.

ANNEXURE A - NOTICE OF CONVERSION OF NOTES BY NOTEHOLDER

To: Terramin Australia Limited
Level 3
70 Hindmarsh Street
Adelaide SA 5000

**NOTICE OF CONVERSION OF CONVERTIBLE NOTES ("Notes") CREATED BY CONVERTIBLE
NOTE DEED POLL DATED [INSERT] ("Deed")**

I/we give notice under Condition 4.1 of the Terms and Conditions of Issue of the exercise of my/our right to convert **[insert number]** Notes registered in my/our name into the number of Shares calculated in accordance with the Terms and Conditions of Issue.

Conversion of the Notes the subject of this Notice is subject to all Requisite Approvals (if any) being obtained to the issue of Shares on conversion in accordance with Condition 5.1 of the Terms and Conditions of Issue.

I/we agree to take the Shares issued on conversion of the Notes, the subject of this Notice, subject to, and to be bound by, the Constitution of Terramin Australia Limited and to my/our names being entered in the register of members of Terramin Australia Limited in respect of those Shares.

Capitalised terms in this Notice have the meaning given in the Deed or if not defined there then in the Terms and Conditions of Issue.

Dated the day of

*[execution clause if company]***

EXECUTED by [.....] by its)
duly authorised signatory in accordance with)
the laws in force in its incorporation

Signature

Signature

Name of signatory (print)

Name of signatory (print)

Position of signatory (print)

Position of signatory (print)

SCHEDULE 3 - NOTE CERTIFICATE

TERRAMIN AUSTRALIA LIMITED
(ABN 67 062 576 238)
("Company")

Registered Office:

Certificate Number:

This is to certify that **[insert name of Noteholder]** of **[insert address of Noteholder]** is the registered holder of **[insert number]** Notes, each with a Face Value of A\$0.065 each, issued under the deed poll titled "Convertible Note Deed Poll" made by the Company dated **[insert date]** (Deed Poll).

The Notes are issued on and subject to the Terms and Conditions of Issue set out in the Deed Poll.

The Terms and Conditions of Issue are incorporated in and form part of this Certificate.

Dated the day of

EXECUTED by **TERRAMIN AUSTRALIA**)
LIMITED (ABN 67 062 576 238) in accordance)
with Section 127(1) of the Corporations Act:

Signature of director

Signature of director/company secretary
(delete as applicable)

Name of director (print)

Name of director / company secretary
(print)

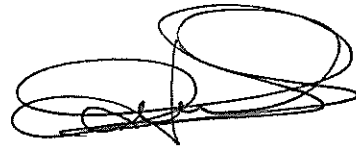
EXECUTED as a **DEED POLL**

EXECUTED by **TERRAMIN AUSTRALIA**)
LIMITED (ABN 67 062 576 238) in accordance)
with Section 127(1) of the Corporations Act:



Signature of director

KEVIN MCGUINNESS
Name of director (print)



Signature of ~~director~~/company secretary
(delete as applicable)

STÉPHANE GAUDUCHEAU.
Name of ~~director~~ / company secretary
(print)