TERRAMIN AUSTRALIA LIMITED

3rd Quarter Report 2015

HIGHLIGHTS

- Confirmed complementary work to finalise the revised feasibility study for the Tala Hamza Zinc Project under way
- Positive feedback from Algerian regulator on renewal of Oued Amizour exploration licence
- Continued preparation work for the pre-feasibility study and mining lease application for the Bird-in-Hand Gold Project
- Conversion of notes into Shares by Asipac Group significantly reduced debt level to $8.3 million
- R&D Tax refund of approximately $1.12 million received during the quarter
- Terramin resumes 100% control of Menninnie Dam now incorporated in Gawler Ranges Project

TERRAMIN
AUSTRALIA LIMITED
ABN 67 062 576 238

28 October 2015

TALA HAMZA PROJECT

100% owned by Western Mediterranean Zinc Spa (WMZ)

Terramin holds a 65% shareholding in WMZ. The remaining 35% is held by two Algerian government-owned companies: Enterprise Nationale des Produits Miniers Non-Ferreux et des Substances Utiles Spa (ENOF) (32.5%) and Office National de Recherche Géologique et Minière (ORGM) (2.5%). The Oued Amizour Exploration Permit 5225PE is a 125km² tenement which contains several lead-zinc deposits including the Tala Hamza Zinc deposit.

Update

During the quarter, Terramin has progressed the work to complete the revised feasibility study. This work has been agreed by the joint venture partners to add important data before a decision to mine can be taken. This additional work relates to elements of the hydrology, geotechnical data, mining infrastructure and tailings which was agreed by the partners at the last WMZ Board meeting in June 2015. The focus of the studies during the quarter is optimising the underground mine plan and infrastructure.

WMZ is awaiting the renewal of the Oued Amizour exploration licence to undertake geotechnical and hydrological drilling on site as part of that work programme.

The partners aim to complete the final aspects of the study in the coming months and proceed with a decision to mine as soon as possible thereafter.

In the meantime Terramin has organised a visit for a delegation of ENOF and MANAL (the State owned holding group which ENOF is part of) to visit mines in China which use the mining method proposed in the revised feasibility study. This visit is planned for the end of November 2015.

During the quarter the cash expenditure on the project was $217,217.

BIRD-IN-HAND GOLD PROJECT

100% owned by Terramin subsidiary Terramin Exploration Pty Ltd

The Bird-in-Hand Gold Project is located approximately 30km north of Terramin's existing mining and processing facilities at the Angas Zinc Mine. The project has a high grade Resource of 233,000 ounces of gold which is amendable to underground mining.

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

Update

During the quarter the project team continued monitoring groundwater and surface water. Data continues to be collected in the water survey area and seasonal variations are monitored to include in the water modelling. The work undertaken to date provides confidence that the mine can be established within the requirements of Federal, State and Local Environmental laws. The majority of the groundwater is flowing in defined fractured rock aquifers, bounded by low permeability geological units rather than an open sea of massive permeable bed rock. Terramin plans to design the mine to minimise interaction with these fractures and seal the mine using established, environmental friendly methods, in order to keep the water from entering the mine. This method allows the groundwater to remain in the aquifer for use by local irrigators and there is no need to dewater for mining. As a result, Terramin is confident that groundwater adjacent to the mine will not be affected and existing users will continue to have access to the same quality and quantity of groundwater.

Additional geological fieldwork undertaken during the quarter was restricted to surface sampling and soil mapping. Soil sampling provides soil metal assessment for baseline establishment and indicates zones of prospectivity. A revised geological drilling program has been proposed to target critical drilling required for engineering design progress. The drilling program takes into account geotechnical and hydrogeological requirements for mine design, specifically layout of underground capital infrastructure and location of the portal. A surface design will be developed to minimise environmental impact.

In July, Terramin completed the acquisition of a parcel of 36Ha of land, in proximity of the deposit (**Land**). The Land will be used to establish and run the Bird-in-Hand mining operation. While engineering and geological data collection continues and the final design of the surface infrastructure has not been completed, it is expected that the actual footprint of the surface activity will be a fraction of the Land. Plans are underway to revegetate the Land with endemic native species. An initial phase of revegetation has taken place in specific areas of the Land to provide visual barriers and to increase the native habitat for flora and fauna. Approximately 2,500 native trees and shrubs were planted during winter 2015 as a start to that revegetation plan. A land management plan has been developed to transition the land from degraded grazing land back to native bush land. All revegetation areas have been fenced to prevent infiltration of pests such as rabbits and hares. An additional 27,000 native trees will be planted on the Land in 2016.

During the reporting period, the project team progressed the environmental baseline studies. Ecosystem function analysis field data was collected to improve the understanding of the existing environment. In order to gain a comprehensive understanding of the site, vegetation transects have been established to understand the existing plant species variation, condition and recruitment. Additional flora and flora surveys have been undertaken. This work has extended into the neighbouring property where remnant native bushland has been protected. Vegetation identified in this area assists with revegetation planning and protection of endangered species. As previously announced Terramin does not intend to clear any native bushland during the project and instead expects to increase the habitat for listed species on the Land. This fieldwork provides for environmental management planning and is included in preparation for the Mining Lease application.

During the quarter the cash expenditure on the project was $214,066 (excluding land settlement).

ADELAIDE HILLS EXPLORATION

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

The Adelaide Hills project consists of twelve contiguous exploration tenements that cover 3492 km² stretching 120km between Victor Harbor and Kapunda, (Figure 1). This project area is considered highly prospective for gold, copper, lead, zinc and rare earth elements.

Update

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

During the reporting period Terramin was granted tenement EL5662 (previously ELA2015/00027), located 70km NE of Adelaide (Figure 1). The large, post-orogenic mafic intrusions in the northern part of the Padthaway Ridge, particularly the Cambrai pluton located in EL5662, are considered prospective for Nova Bollinger style nickel and copper mineralisation.

Previous explorers to hold ground over the Cambrai pluton include; North Broken Hill Limited (NBH) 1975 - 1977, CSR Ltd (CSR), Normandy Gold Exploration Pty Ltd (Normandy) 1999, BHP Billiton Minerals Pty Ltd (BHP) 2000-2001, Falcon Minerals Ltd (Falcon) 2003-2004 and Inco Resources Australia Pty Ltd (Inco) 2006.

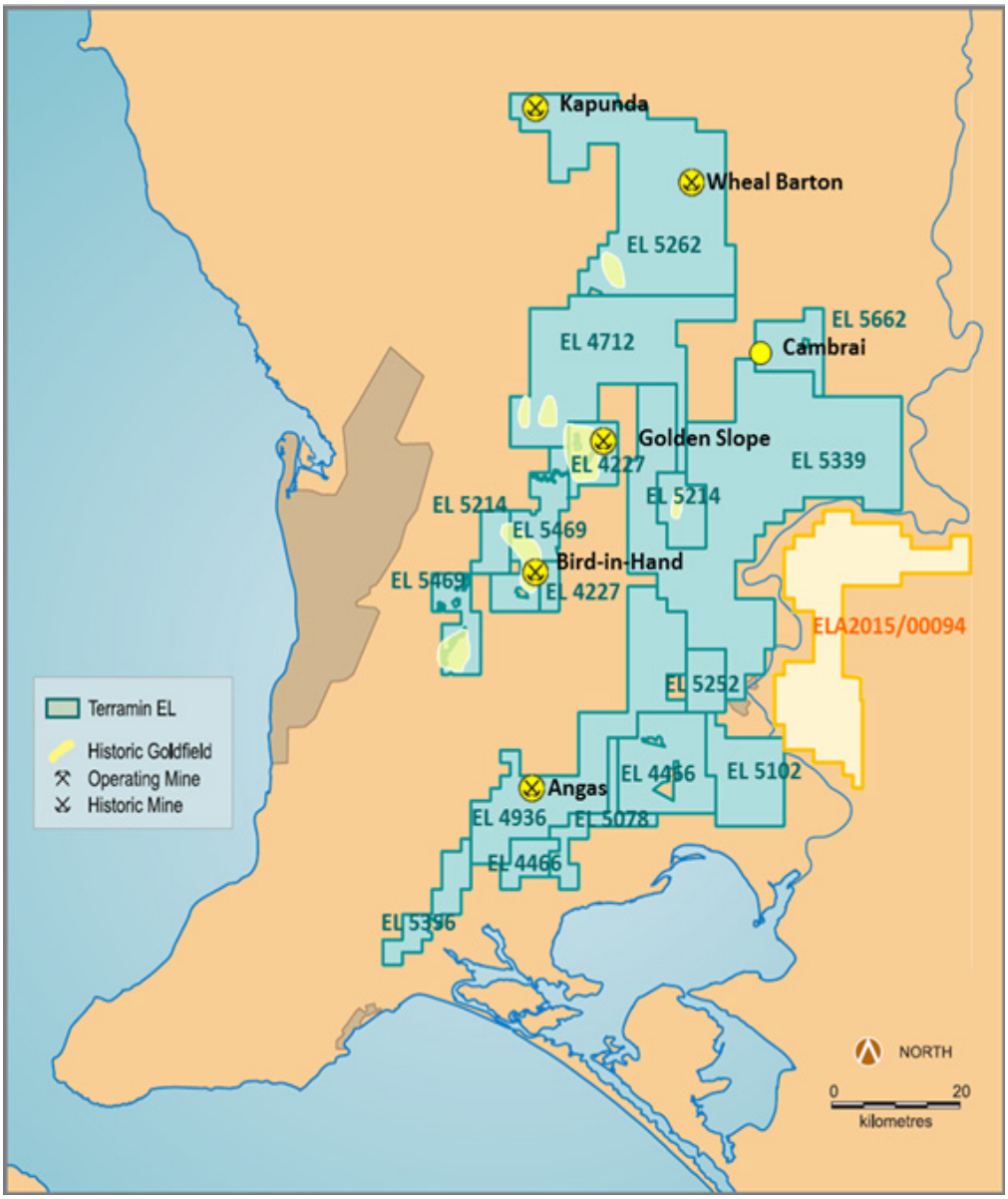

Figure 1. Adelaide Hills tenement holdings.

In 2011, the CSIRO published a paper (Inversion of anomalies due to remanent magnetisation: an example from the Black Hill Norite of South Australia in Australian Journal of Earth Sciences) in which the magnetic anomaly associated with the Cambrai pluton was modelled as a 250m thick plate like body, 1.5km N-S by 3km E-W and at a depth of 500m(Figure 2 and Figure 3). Terramin considers the CSIRO magnetic plate, modelled beneath previous drilling, an exciting exploration target as nickel and copper sulphides intersected in previous drilling were closely associated with the magnetic minerals, pyrrhotite and magnetite. Higher concentrations of these minerals are the likely source of the magnetism in the plate.

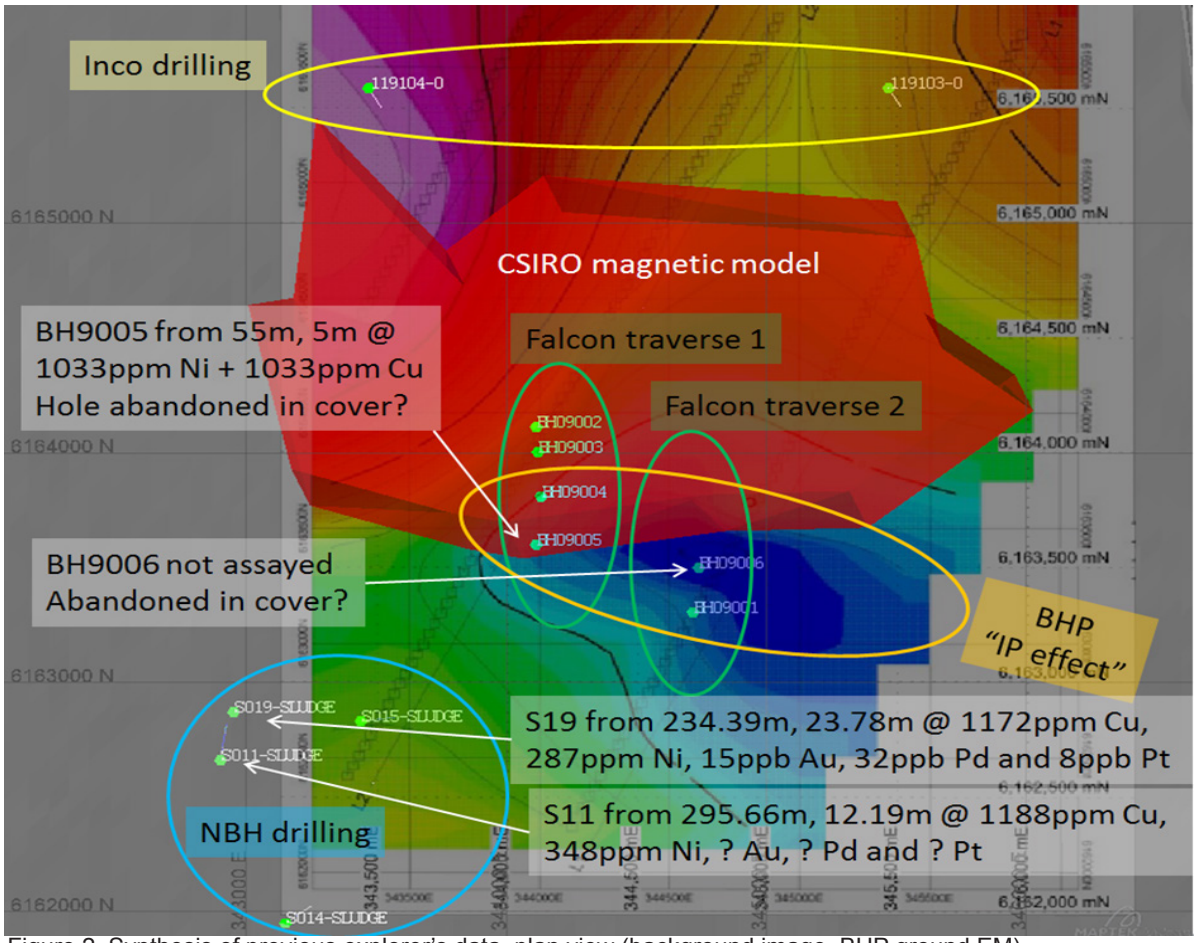

Figure 2. Synthesis of previous explorer's data, plan view (background image, BHP ground EM).

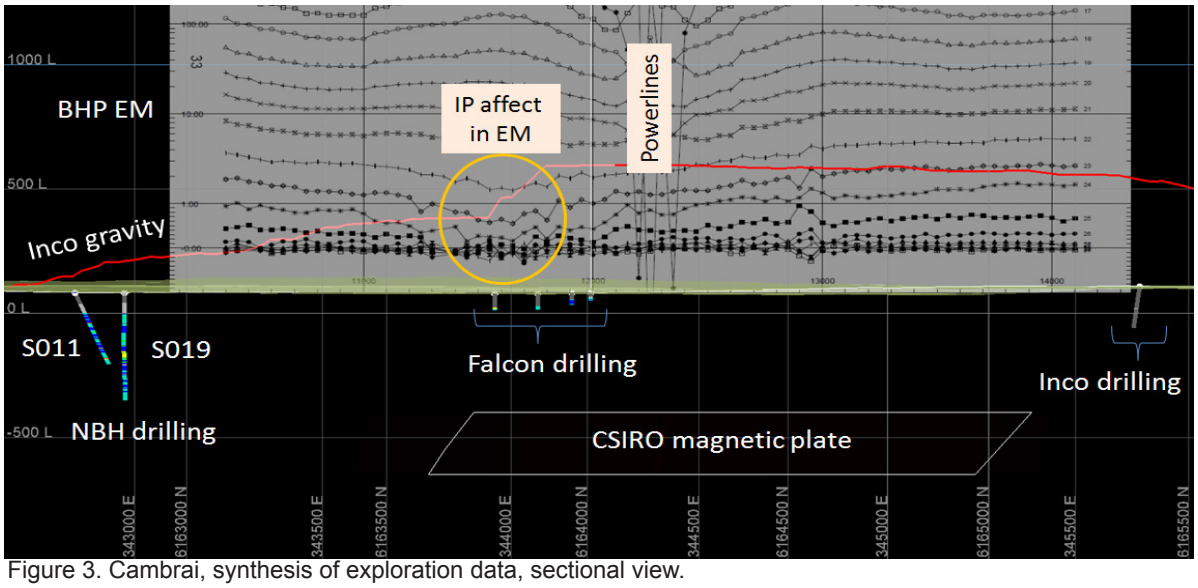

Figure 3. Cambrai, synthesis of exploration data, sectional view.

During the quarter the cash expenditure on the project was $25,970.

ANGAS ZINC MINE

100% owned and operated by Terramin

A 400,000 tpa operation that produced zinc and lead-copper-silver-gold concentrates currently in care and maintenance. The processing operations are expected to resume upon the start of mining of the Bird-in-Hand deposit.

Update

The Angas Zinc mine remains in care and maintenance. The site remains in compliance with its lease conditions. There have been no environmental issues as a result of activities on the Angas site during the quarter. Property maintenance and additional revegetation has occurred with additional trees planted around the existing revegetation sites.

The Angas Mine closure plan was resubmitted to the regulator. A workshop was held with the regulators, their consultants, Terramin and Terramin's consultants to review the Failure Mode Effect Analysis risk assessment. At the time of writing, feedback from the regulator regarding this version of the Closure Plan has not been received. Terramin and the Department of State Development continue to work on the outstanding issues, including the need for an independent engineering review for the sealing of the portal and escapeway.

The Quarterly Environmental Report has been completed with no issues reported. The regular quarterly meeting was postponed with the Strathalbyn Community Consultation Committee due to the resignation of the Chairman. A select committee was formed to identify suitable replacements and has been in correspondence with the Minister for Mineral Resources and Energy for appointment. A new chairman and new terms of reference for the community group have been approved and are expected to be introduced at the next meeting in November.

During the quarter the cash expenditure on the project was $200,754.

GAWLER RANGES PROJECT

100% owned by Terramin subsidiary Menninnie Metals Pty Ltd

Terramin's Gawler Ranges Project is located along the southern margin of the Gawler Ranges, northern Eyre Peninsula, South Australia. The project comprises a group of ten Exploration Licences totalling 4539 km² and one Exploration Licence Application covering 214 km² (Figure 4).

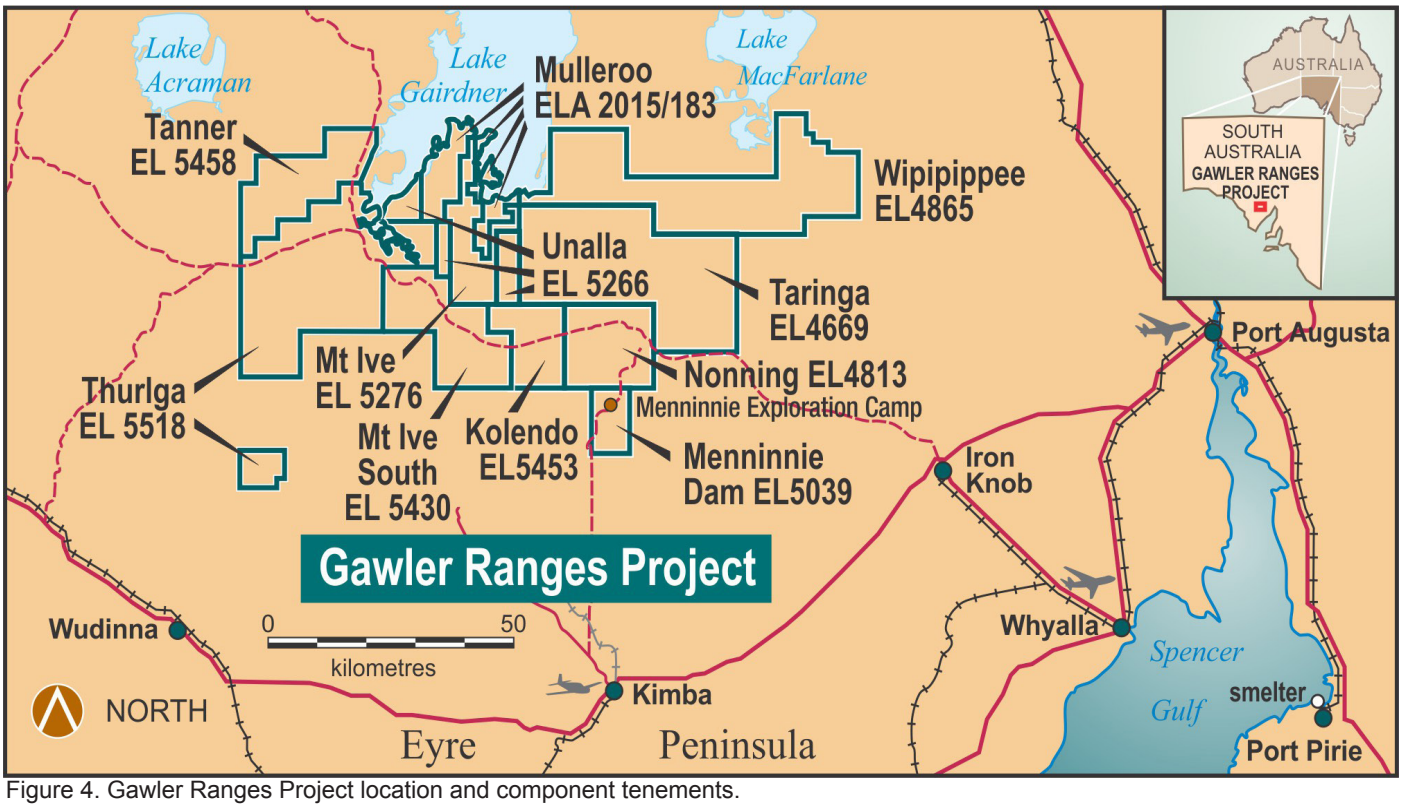

Figure 4. Gawler Ranges Project location and component tenements.

Update

The termination of the Menninnie Dam Mining Farm-In and Joint Venture Agreement, announced on 21 July, 2015, was finalised on 20 August, 2015. Once Menninnie Metals regained exploration management of all its tenements the former Menninnie and Mt Ive projects were combined into a single project called the Gawler Ranges Project (Figure 4).

The project is located in the southern Gawler Ranges, a part of the Gawler Craton of South Australia that is increasingly becoming recognised as an under-explored region with high discovery potential. Menninnie Metals' tenements and the Mulleroo tenement application (Figure 4) have a combined area of 4753km2 and cover much of the highly prospective ground between the two principal locations where a major world-first collaboration of mineral explorers, drillers, government agencies and research institutes is currently underway on the Southern Gawler Ranges Mineral Systems Drilling Program (MSDP). The South Australian Government has backed the MSDP's unique approach to exploration with an investment of $2m that has been leveraged into a $7m program through partner contributions and in-kind support. Terramin's revitalised Gawler Ranges Project is well placed to adapt and apply new understanding of the region's mineralising systems that is likely to emerge from the MSDP.

The Project area is prospective for a range of deposit styles that include combinations of gold, silver, copper, molybdenum, lead, zinc, rare earth elements, graphite, and tin ± tungsten – as evidenced by numerous mineral occurrences in the region, and several significant deposits (Figure 5). The Project area is 6km north of the 20Moz Paris silver deposit and is flanked by several gold prospects that are yet to be fully evaluated (Barnes, Weednanna, Parkinson Dam). The Project also hosts the Menninnie Dam deposit, the largest undeveloped lead-zinc deposit in South Australia. This deposit consists of two main mineralised zones: the Menninnie Central zone and

the nearby Viper zone. The lodes at Menninnie Central and Viper have been combined to estimate a JORC 2004 compliant Inferred Resource totalling: 7.7Mt @ 3.1% Zn, 2.6% Pb and 27g/t Ag, at a 2.5% Pb+Zn cut-off (ASX: TZN 1st March 2011).[1]

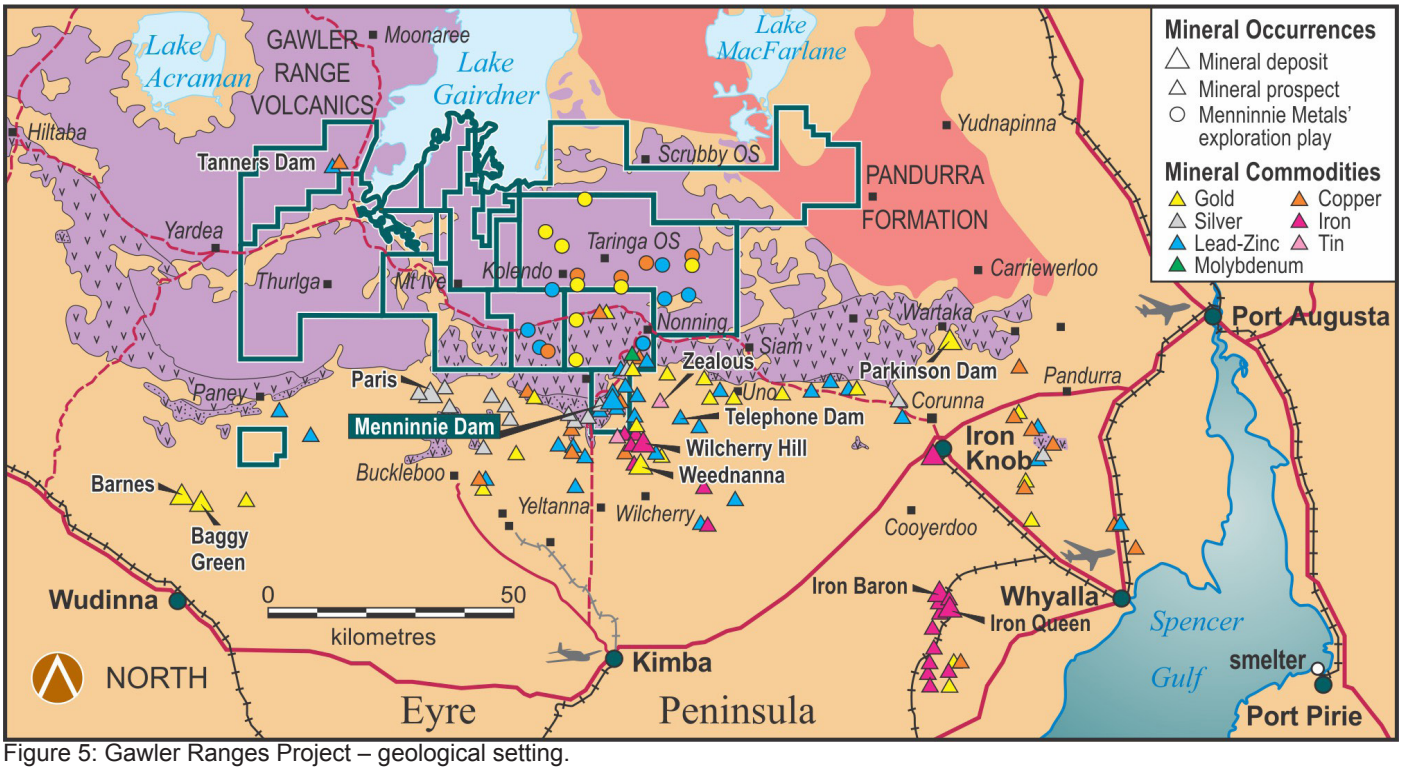

Figure 5: Gawler Ranges Project – geological setting.

Field mapping and sampling on the tenements resumed towards the end of the reporting quarter. This work focused on epithermal quartz (± hematite) vein systems, sericite-clay altered shear zones and strongly altered tuffaceous units. These features were not part of the exploration focus during the 3-year joint venture period, whereas Menninnie Metals considers them to be near-surface expressions of IOCG hydrothermal systems that developed breccia deposits within and beneath the Gawler Range Volcanoes. The fact that multiphase hematitic breccias comparable to those characterising IOCG deposits (Figure 5) are outcropping in the project area highlights the potential for the related vein systems to lead to discovery of near-surface well-mineralised IOCG deposits. Recognition of this potential has been the main driver in Menninnie Metals' progressive expansion of activities in the region since regaining 100% control of the Menninnie Dam tenement as an exploration base in 2010.

During the quarter the cash expenditure on the project was $92,929.

1 This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

CORPORATE

During the quarter and as announced previously, Asipac Group Pty Ltd (**Asipac**) converted its 249,825,703 convertible notes (**Notes**) into shares. The Notes were issued following shareholder approval at the general meeting held on 17 September 2014. The Notes had a face value of A$0.065 each or $16,238,670.70 in total. Accordingly 249,825,703 fully paid ordinary shares were issued to Asipac. In addition, the Company issued 2,706,551 fully paid ordinary shares in satisfaction of interest payable on the Notes as at the conversion date (**Interest Shares**). The issue of the Interest Shares were also approved by shareholders at the September 2014 General Meeting. The Notes were cancelled from the Company's notes register. Please refer to the announcement dated 14 July 2015 for additional details.

The conversion of the Notes significantly reduces the overall group debt from approximately $24.0 million at 30 June 2015 to $8.3 million as at 30 September 2015.

During the reporting period, the Company has been in discussion with Asipac to restructure its $4.0 million Corporate Debt Facility (**Corporate Facility**) and its $4.3 million Bird-in-Hand Debt Facility (**BIH Facility**) which matured at the end of September. The Corporate Facility and the BIH Facility have both been extended to the end of October 2015 while the parties finalise the terms of a long term debt refinancing. The parties expect to finalise this refinancing in the coming days.

During the quarter the Company received a Research and Development Tax Refund for an amount of $1,119,611.

As at 30 September 2015 the Company's cash balance was $723,685.

Competent Person Statement

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

CORPORATE INFORMATION

TERRAMIN AUSTRALIA LIMITED ABN 67 062 576 238
Level 3, 70 Hindmarsh Square
Adelaide, South Australia 5000

T +61 8 8213 1415
F +61 8 8213 1416
E info@terramin.com.au
W www.terramin.com.au

DIRECTORS AND MANAGEMENT

Feng (Bruce) Sheng	***Non-Executive Chairman***
Michael H Kennedy	***Non-Executive Deputy Chairman***
Kevin McGuinness	***Non-Executive Director***
Angelo Siciliano	***Non-Executive Director***
Xie Yaheng	***Non-Executive Director***
Martin Janes	***Chief Executive Officer***
Joe Ranford	***General Manager - Chief Technical Officer***
Stéphane Gauducheau	***Legal Counsel and Company Secretary***

CAPITAL STRUCTURE

as at 28 October 2015

Shares on issue	**1,778,404,249**
Unlisted Options	**3,800,000**