TERRAMIN AUSTRALIA LIMITED
ABN 67 062 576 238
and Controlled Entities

INTERIM FINANCIAL REPORT
For the Six Months Ended
30 June 2009

Contents

APPENDIX 4D

	30 June 2009 $'000	30 June 2008 $'000	Change %
Revenue from ordinary activities	**13,669**	-	N/A
(Loss)/profit after tax from ordinary activities	**(7,493)**	9,839	N/A
(Loss)/profit after tax attributable to Owners of the Company	**(9,059)**	7,842	N/A

Dividends/distributions

	Amount per security	Franked amount per security
2009 interim dividend	**Nil**	**Nil**
2008 interim dividend	Nil	Nil

Net Tangible Assets Per Share

	30 June 2009 $/share	30 June 2008 $/share
Net tangible assets per share	**0.49**	0.59

The commentary on the results for the period is contained in the Directors' Report. This Interim Financial Report is to be read in conjunction with the 2008 Annual Financial Report.

In accordance with the requirements of section 320 of the Corporations Act 2001 and Australian Securities Exchange (ASX) Listing Rule 4.2A, the directors submit the consolidated financial report of Terramin Australia Limited ("Terramin" or the "Company") and its controlled entities (together referred to as the "Consolidated Entity") for the six months ended 30 June 2009 and the review report thereon. Terramin is a public company, limited by shares, that is incorporated and domiciled in Australia.

This report should be read in conjunction with the Company's 2008 Annual Financial Report.

BOARD OF DIRECTORS

The following persons were directors of the Company during interim period up to and including the date of this report.

Dr Kevin C Moriarty (Executive Chairman)

Mr Michael H Kennedy

Mr Steven A J Bonett

Mr David A Paterson (resigned 4 April 2009)

Mr James T Hazel (resigned 5 June 2009)

Mr Peter Zachert (appointed 5 June 2009)

Mr Robert W Jones (appointed 5 June 2009)

Mr R Bryan Davis (appointed 23 July 2009)

REVIEW OF OPERATIONS

Overview

The Company is focussed on investing in advanced mineral projects, with early cash flow potential and with a preference for base metals, particularly zinc. To build on this business profile the Company seeks to identify and acquire projects with certain characteristics, in particular identified resources or targets, proximity to infrastructure, potential for high-grade reserves and the potential to grow resources or expand production to larger tonnages. The Company will consider greenfield exploration projects if the tenements are located near infrastructure or existing operations. The Company is actively advancing three main projects which are discussed in further detail below.

Highlights for the Half Year

The Company's activities progressed significantly in the six months to 30 June 2009 with the following points warranting special note:

- the completion of the full commissioning of the Angas Zinc Mine in February 2009 and a successful ramp up of the operation resulting in positive operating cash flows;
- the announcement of results of the prefeasibility study on the development of the Tala Hamza deposit on 8 April 2009 and the decision to proceed with the feasibility study;
- the completion of a share placement to Transamine raising $7.5 million; and
- the appointment of Peter Zachert and Robert Jones to the Company's Board, strengthening financial and operational expertise at the Company's highest level.

Highlights since 30 June 2009

Since the period end the following activities are worthy of note :

- the completion of a share placement with China Non-ferrous Metals Industry's Foreign Engineering & Construction Co., Ltd (NFC) raising $10 million; and
- the appointment of Bryan Davis to the Company's Board and as Chairman of the Tala Hamza Risk Assessment Committee, significantly improving the experience of the Board in large scale production and processing.

A more detailed update will be provided in the September 2009 Quarterly Activities Report to be lodged with ASX during the month of October 2009.

Oued Amizour Zinc Project *(Company 65%)*

The Company's interest in the Oued Amizour Zinc Project is held via a shareholding in an Algerian company Western Mediterranean Zinc Spa (WMZ). WMZ was formed following the signing of a joint venture agreement with Algerian Government entity Entreprise Nationale des Produits Miniers Non Ferreux et des Substances Utiles (ENOF) which contemplates the completion of a feasibility study to mine the zinc-lead deposit of Tala Hamza, near Bejaia, northern Algeria. The joint venture agreement also contemplates regional exploration in the licence area.

Exploration Permit PE 5225 was granted to WMZ on 27 August 2006 for a term of 3 years. The permit covers 122.76 square kilometres and contains a right of renewal at the end of the initial term for a further two 2 year terms. An application for renewal was submitted during the period to the relevant Algerian government authorities.

The Company has a commitment to spend a minimum of US$6.6 million up to decision to mine and has pre-emptive rights over the remaining 35% of the shareholding in WMZ which is held by ENOF and a second Algerian Government entity, Office National de Recherche Géologique et Minière (ORGM). As at 30 June 2009, US$25.2 million has been spent by the Company on the project.

Significant progress was made on the project during the interim period, including:

- the finalisation of the prefeasibility study on the development of the Tala Hamza deposit which resulted in a substantial reduction in the original capital estimate and confirmed the comparatively low cash cost estimated by the scoping study;
- commencement of feasibility study; and
- completion of hydrogeological and geotechnical drilling programmes sufficient to outline a priority Indicated Resource to support the project.

Angas Zinc Mine *(Company 100%)*

The Angas Zinc Mine is located 2 km outside the town of Strathalbyn, 60 km from Adelaide. The 400,000 tonne per annum mine was commissioned in July 2008. The Angas Zinc Mine achieved the following during the interim period:

- treated 151,295 tonnes of ore to produce 17,140 tonnes of zinc concentrate and 6,835 tonnes of lead concentrate; and
- average C1 cash cost of US45 cents per pound of payable zinc including C1 cash costs of US34 cents per pound of payable zinc for the June quarter.

Menninnie Zinc Project

The Menninnie Zinc Project comprises three tenements held in the Company's wholly owned subsidiary, Menninnie Metals Pty Ltd (MMPL).

(a) Menninnie Dam Exploration Joint Venture (MDEJV) *(Company 24%, OZ Minerals Australia Limited (OZMAL) 76%)*

The MDEJV comprises a 101 sq km tenement located on northern Eyre Peninsula, South Australia. The project encompasses a large Pb-Zn-Ag system, extensive Cu-Au targets and significant iron occurrences. An Inferred Resource of 3.8 million tonnes at 3.2%Pb, 4.0% Zn and 34g/t Ag has been identified at Menninnie Central. The Company holds a 24% interest in the MDEJV, with the balance held by its joint venture partner OZMAL (now a wholly owned subsidiary of China Minmetals Non-ferrous Metals Co., Ltd). The MDEJV has remained on care and maintenance during the interim period, as OZMAL resolves its future intentions as to the project. However, resolution of outstanding Native Title negotiations was achieved during the period and work continued on further analysis of geophysical and geotechnical data previously collected.

(b) Nonning Joint Venture *(Company earning up to 90%, Minotaur Operations Pty Ltd 100%)*

The Nonning Joint Venture comprises a 312 sq km tenement which is adjacent to the MDEJV tenement. The Company may earn up to a 70% interest in the Nonning Joint Venture subject to satisfaction of an expenditure target of $2.0 million over 3 years with a minimum expenditure commitment of $300,000. Upon Menninnie earning a 70% interest in the joint venture, Minotaur Operations Pty Ltd has the right to elect to make pro rata contributions to expenditure or convert to a 10% free carried interest (MMPL 90% interest) until decision to mine. Minimal expenditure was incurred on this project during the period.

(c) Kolendo *(Company 100%)*

After the period end, MMPL was granted 100% interest in EL 4285 (Kolendo), situated adjacent to the Menninnie Dam and Nonning tenements.

CONSOLIDATED ENTITY TENEMENT LISTING

Title Name and Location	Licence Number	Licence Area	Expiry Date	Terramin Interest	Minimum Expenditure Commitment (100%)
Angas - South Australia	ML6229	87.97 ha	16 Aug 2016	100%	Not applicable
Bremer - South Australia	EL 3641	457 km2	26 Oct 2009	100%	$390,000 from 1 July 2009 to 30 Jun 2010
Currency Creek - South Australia	EL 4210	174 km2	23 Nov 2009	100%	Amalgamated with EL 3641
Hartley - South Australia	EL 3792	126 km2	03 Jun 2010	100%	Amalgamated with EL 3641
Langhorne Creek - South Australia	EL 3310	275 km2	23 Feb 2010	100%	Amalgamated with EL 3641
Menninnie Dam - South Australia	EL 3640	101 km2	26 Oct 2010	24%	$80,000 per annum
Nonning - South Australia [1]	EL 3535	312 km2	29 Mar 2010	0%	$60,000
Kolendo - South Australia	EL 4285	208 km2	27 Jul 2010	100%	$50,000 per annum
Oued Amizour - Algeria [2]	5225 PE	12,276 ha	27 Aug 2009	65%	Not applicable

1 Refer page 3 summary of Nonning Joint Venture farm in arrangement.

2 Interest held by WMZ.

FINANCIAL

The Consolidated Entity made a loss for the half year ended 30 June 2009 of $7.5 million (half year to 30 June 2008 profit $9.8 million). Major contributors to the result were non-cash costs of $6.4 million relating to depreciation and amortisation and a low average realised zinc price. Exploration expenditure of $4.1 million incurred during the period related primarily to the Oued Amizour Zinc Project and has been carried forward as an asset in the Consolidated Entity's statement of financial position.

During the interim period the Company raised $7.5 million from the issue of 11,538,462 new shares at $0.65.

No dividends were paid during the interim period and the directors have not recommended the payment of a dividend.

SUBSEQUENT EVENTS

Other than those referred to in the Director's Report and note 14, there have been no significant events subsequent to the half year ended 30 June 2009 impacting on the half year interim report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Directors' Report for the six months ending 30 June 2009.

This report is signed in accordance with a resolution of the Board of Directors.

Kevin C Moriarty
Executive Chairman

26th August 2009

Peter Zachert
Director

26th August 2009

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Terramin Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Derek Meates
Partner

Adelaide

26 August 2009

Consolidated Interim Income Statement *for the Six Months Ended 30 June 2009*

	Note	30 June 2009 $'000	30 June 2008 $'000
Revenue		**13,669**	-
Raw materials, consumables and other direct costs		**(14,111)**	(778)
Gross loss		**(442)**	(778)
Other income		**138**	234
Change in inventories of finished goods and WIP		**329**	1,070
Employee expenses		**(1,002)**	(730)
Depreciation and amortisation	*4*	**(6,412)**	(792)
Exploration and evaluation write down	*4*	**(23)**	(546)
Administration expenses		**(1,237)**	(1,653)
Share option expense		**(138)**	(1,371)
Unrealised commodity derivative gains	*2*	**-**	12,747
Profit on sale of non-current assets	*2*	**-**	297
Results from operating activities		**(8,787)**	8,478
Finance income	*2*	**4,849**	2,176
Finance costs	*2*	**(3,555)**	(815)
Net finance costs		**1,294**	1,361
Profit/(loss) before income tax		**(7,493)**	9,839
Income tax expense		**-**	-
Profit/(loss) for the period attributable equity holders of the Company		**(7,493)**	9,839

Earnings per share

	Note	2009	2008
Basic earnings/(loss) per share - (cents per share)	*10*	**(6.41)**	9.82
Diluted earnings/(loss) per share - (cents per share)	*10*	**(6.41)**	9.41

The income statement is to be read in conjunction with the notes to the financial statements

Consolidated Interim Statement of Comprehensive Income *for the Six Months Ended 30 June 2009*

	Note	30 June 2009 $'000	30 June 2008 $'000
Profit/(loss) for the period		**(7,493)**	9,839
Other comprehensive income			
Foreign currency translation differences for foreign operations		**(2,510)**	(110)
Income tax on other comprehensive loss		**-**	-
Other comprehensive loss for the period, net of income tax		**(2,510)**	(110)
Total comprehensive income/(loss) for the period			
Attributable to Owners of the Company		**(10,003)**	9,729

Consolidated Interim Statement of Changes In Equity *for the Six Months Ended 30 June 2009*

	Share capital $'000	Share option reserve $'000	Translation reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2009	80,675	7,896	1,444	(37,699)	52,316	9,783	62,099
Total comprehensive income for the period							
Loss for the period	-	-	-	(7,493)	(7,493)	-	(7,493)
Other comprehensive income							
Foreign currency translation differences	-	-	(2,510)	-	(2,510)	-	(2,510)
Total other comprehensive income	-	-	(2,510)	-	(2,510)	-	(2,510)
Total comprehensive income for the period	-	-	(2,510)	(7,493)	(10,003)	-	(10,003)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	8,264	-	-	-	8,264	-	8,264
Share options expensed / cancelled	-	138	-	-	138	-	138
Total contributions by and distributions to owners	8,264	138	-	-	8,402	-	8,402
Changes in ownership interests in subsidiaries that do not result in a loss on control							
Non-controlling interest share of parent JV contributions	-	-	-	(1,566)	(1,566)	1,566	-
Total changes in ownership interests in subsidiaries	-	-	-	(1,566)	(1,566)	1,566	-
Balance at 30 June 2009	88,939	8,034	(1,066)	(46,758)	49,149	11,349	60,498

Consolidated Interim Statement of Changes In Equity *for the Six Months Ended 30 June 2008*

	Share capital $'000	Share option reserve $'000	Translation reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2008	57,008	4,470	(147)	(12,219)	49,112	4,186	53,298
Total comprehensive income for the period							
Profit for the period	-	-	-	9,839	9,839	-	9,839
Other comprehensive income							
Foreign currency translation differences	-	-	(110)	-	(110)	-	(110)
Total other comprehensive income	-	-	(110)	-	(110)	-	(110)
Total comprehensive income for the period	-	-	(110)	9,839	9,729	-	9,729
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	16,742	-	-	-	16,742	-	16,742
Share issue costs	(534)	-	-	-	(534)	-	(534)
Share options exercised	582	-	-	-	582	-	582
Transfer from option reserve on exercise	117	(117)	-	-	-	-	-
Share options issued	-	1,371	-	-	1,371	-	1,371
Total contributions by and distributions to owners	16,907	1,254	-	-	18,161	-	18,161
Changes in ownership interests in subsidiaries that do not result in a loss on control							
Non-controlling interest share of parent JV contributions	-	-	-	(1,930)	(1,930)	1,930	-
Profit/(loss) attributable to non-controlling interest	-	-	-	(67)	(67)	67	-
Acquisition of non-controlling interest	-	-	-	-	-	(479)	(479)
Total changes in ownership interests in subsidiaries	-	-	-	(1,997)	(1,997)	1,518	(479)
Balance at 30 June 2008	73,915	5,724	(257)	(4,377)	75,005	5,704	80,709

Consolidated Interim Statement of Financial Position *as at 30 June 2009*

	Note	30 June 2009 $'000	31 December 2008 $'000
Assets			
Property, plant and equipment	*4*	**95,778**	98,279
Exploration and evaluation	*4*	**29,342**	27,162
Investments in equity accounted investees	*8*	**1,080**	1,080
Total non-current assets		**126,200**	126,521
Inventories	*5*	**3,549**	3,412
Derivative financial instruments		**-**	101
Other assets		**89**	24
Trade and other receivables		**4,524**	1,179
Cash and cash equivalents		**3,323**	14,499
Total current assets		**11,485**	19,215
Total assets		**137,685**	145,736
Equity			
Share capital	*7*	**88,939**	80,675
Reserves		**6,968**	9,340
Accumulated losses		**(46,758)**	(37,699)
Total equity attributable to equity holders of the Company		**49,149**	52,316
Non-controlling interest		**11,349**	9,783
Total equity		**60,498**	62,099
Liabilities			
Loans and borrowings	*6*	**54,224**	63,820
Provisions		**5,225**	4,074
Total non-current liabilities		**59,449**	67,894
Loans and borrowings	*6*	**8,788**	3,614
Trade and Other Payables		**8,159**	11,544
Provisions		**791**	585
Total current liabilities		**17,738**	15,743
Total liabilities		**77,187**	83,637
Total equity and liabilities		**137,685**	145,736

The statement of financial position is to be read in conjunction with the notes to the financial statements

Consolidated Interim Statement of Cash Flows *for the Six Months Ended 30 June 2009*

	30 June 2009 $'000	30 June 2008 $'000
Cash from operating activities:		
Receipts from customers	**9,369**	-
Payments to suppliers and employees	**(16,002)**	(3,723)
Financing costs and interest paid	**(1,483)**	(2,707)
Interest received	**159**	1,136
Total cash (used in) from operating activities	**(7,957)**	(5,294)
Cash flows from investing activities:		
Proceeds from sale of interest in exploration tenement	**-**	804
Acquisition of minority interest	**-**	(818)
Acquisition of property, plant and equipment	**(1,599)**	(5,138)
Mine construction & development expenditure	**(1,818)**	(20,924)
Exploration and evaluation expenditure	**(6,599)**	(6,112)
Net cash (used in) from investing activities	**(10,016)**	(32,188)
Cash flows from financing activities:		
Proceeds from the issue of share capital	**7,500**	17,082
Proceeds from other non-current borrowings	**-**	18,756
Repayment of borrowings	**(703)**	(506)
Net cash from (used in) financing activities	**6,797**	35,332
Net increase/(decrease) in cash and cash equivalents	**(11,176)**	(2,150)
Cash and cash equivalents at beginning of half year	**14,499**	39,354
Cash and cash equivalents at end of half year	**3,323**	37,204

The statement of cash flows is to be read in conjunction with the notes to the financial statements

1 Basis of Preparation

(a) General Information and Reporting Basis

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.

The consolidated interim financial report covers the economic entity of Terramin Australia Limited and its controlled entities (together referred to as the "Consolidated Entity"). Terramin Australia Limited is a listed public company, incorporated and domiciled in Australia.

The 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 2008, and any public announcements made by the Company during the interim reporting period in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The consolidated interim financial report was authorised for issue by the Directors on 26 August 2009.

Where required by accounting standards, comparative figures have been reclassified to conform with changes in presentation in the current interim financial period.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, 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 and does not take into account changing money values or fair values of assets.

(b) Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2008.

(c) Statement of Significant Accounting Policies

The accounting policies applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 31 December 2008, with the addition of a accounting standards AASB 8 Operating Segments and AASB 101 Presentation of Financial Statements.

AASB 8 Operating Segments has been applied for the first time. The impact of its application to the entity is minimal as segment information based on geographical segments (see note 9) is the current basis of segment information used in internal reports regularly reviewed by the Group's Executive Chairman and Board.

Revised AASB 101 Presentation of Financial Statements, introduced as a financial statement the 'statement of comprehensive income'. The Group has adopted the two-statement approach, disclosing separately an income statement and a statement of comprehensive income.

(d) 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 2009 interim period the Consolidated Entity realised a loss of $7.5 million, increasing accumulated losses to $46.8 million. As at 30 June 2009 the Consolidated Entity has total equity of $60.5 million and the Group's current liabilities exceeded its current assets by $6.2 million. As disclosed in note 14 'Subsequent Events' the Company received $10 million from a share placement in early July 2009 eliminating the working capital deficit. It is the intention of the directors to continue to explore, evaluate and develop the Consolidated Entity's areas of interest for which rights of tenure are current. In order to achieve this, further cash injections by way of equity or debt may be necessary. Subject to market conditions, the Consolidated Entity has the ability to raise additional equity and debt finance as required and at the time of this report, the directors consider that the Consolidated Entity could raise cash by way of equity or debt to fund anticipated activities. The directors will take the appropriate action to ensure these funds are available as and when they are required.

2 Expenses

Profit/(loss) before income tax includes the following specific expenses:

	30 June 2009 $'000	30 June 2008 $'000
Profit/(loss) on sale of non-current assets		
Loss on sale of property, plant & equipment	-	(131)
Profit on sale of 6% interest in Menninnie Dam Exploration JV	-	428
Total profit/(loss) on sale of non-current assets	-	297
Unrealised commodity derivative gains		
Unrealised gain on AUD zinc hedging contracts (13,200 tonnes)	-	8,179
Unrealised gain on AUD lead hedging contracts (5,312 tonnes)	-	4,568
Total unrealised commodity derivative gains	-	12,747

There was no commodity hedging as at 30 June 2009

	30 June 2009 $'000	30 June 2008 $'000
Finance income		
Interest income	**108**	1,141
Unrealised foreign exchange gain on convertible notes	**4,230**	1,256
Realised foreign exchange gain/(loss)	**511**	(221)
Total finance income	**4,849**	2,176
Finance costs		
Interest on convertibles notes	**826**	419
Interest on borrowings	**1,297**	363
Unwinding of discount on mine rehabilitation provision	**90**	33
Other borrowing costs	**301**	-
Unrealised foreign exchange losses	**875**	-
Realised foreign exchange losses	**166**	-
Total finance costs	**3,555**	815

3 Angas cash generating unit impairment test

Accounting Standards require that at each reporting date, an assessment is to be made about whether there is any indication that non-current assets may be impaired. If such an indication exists, the recoverable amount of the asset is determined and compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised as an expense in the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is used. A Cash Generating Unit (CGU) is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. The recoverable amount is the greater of an asset's 'fair value less costs to sell' and 'value in use'. An impairment test was undertaken as at 30 June 2009 which was based on the 'value in use' methodology.

Value in use in relation to the Angas CGU, was determined by discounting the future cash flows generated from the continued use of the asset and was based on the following:

- 5 year mine life.
- Production based on the most recent reserve statement.
- Recognised analyst forecast assumptions for commodity prices and exchange rates have been applied in determining the cash flow estimates. These assumptions are in excess of current spot prices.
- A range of pre-tax discount rates (15%-18%) and post-tax discount rates (10%-12%).

The impairment test concluded at a range of appropriate discount rates that the 'value in use' was in excess of the carrying value of the Angas CGU.

4 Property, plant, equipment, exploration and evaluation

CONSOLIDATED	Freehold Land $'000	Leasehold Improvements $'000	Buildings and other Infrastructure $'000	Plant & Equipment $'000	Mining Property & Development $'000	Construction in Progress $'000	Mine Rehabilitation Assets $'000	Property Plant & Equipment Total $'000
Opening carrying amount	3,208	45	27	55,016	35,860	505	3,618	98,279
Additions	-	-	-	74	-	3,406	1,036	4,516
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	7	1,010	2,032	(3,140)	-	(91)
Transfer to equity accounted investee	-	-	-	-	-	-	-	-
Transfer to investment in subsidiary	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	(6)	(3)	(3,547)	(2,547)	-	(309)	(6,412)
Writedowns	-	-	-	(14)	-	-	-	(14)
Foreign currency movement	-	-	-	(500)	-	-	-	(500)
Carrying amount at the end of period	3,208	39	31	52,039	35,345	771	4,345	95,778

4 Property, plant, equipment, exploration and evaluation *(cont.)*

	Exploration & Evaluation $'000
Opening carrying amount	27,162
Additions	4,154
Disposals	-
Transfers	-
Transfer to equity accounted investee	-
Transfer to investment in subsidiary	-
Depreciation and amortisation	-
Writedowns	(23)
Foreign currency movement	(1,951)
Carrying amount at the end of period	29,342

The transfer of $3.14 million out of Construction in Progress, includes $91,000 of minor capital spares that was transferred to Inventory-Raw materials.

5 Inventories

	30 June 2009 $'000	31 December 2008 $'000
Raw materials (at cost)	**1,938**	2,128
Work In Progress - Ore Run Of Mine (at net realisable value)	**262**	-
Finished goods (at net realisable value)	**1,349**	1,284
Total inventories at the lower of cost and net realisable value	**3,549**	3,412

The balance of Work In Progress and Finished goods at the end of the period reflects a write down of $77,000 which is included in "raw materials, consumables and other direct costs", in the Income Statement.

6 Loans and borrowings

	30 June 2009 $'000	31 December 2008 $'000
Current		
Lease liabilities [1]	**1,788**	1,614
Bank loans - secured - Angas Zinc project [2]	**7,000**	2,000
	8,788	3,614
Non-current		
Lease liabilities [1]	**3,230**	3,896
Bank loans - secured - Angas Zinc project [2]	**21,282**	25,981
Convertible Notes [3]	**29,712**	33,943
	54,224	63,820
Financing facilities		
Bank loan facilities - available [2]	**30,000**	30,000
Bank loan facilities - undrawn	**-**	-
Bank loan facilities - drawn	**30,000**	30,000
Less: unamortised transaction costs	**(1,718)**	(2,019)
Carrying amount at end of period	**28,282**	27,981
Guarantee facility - available [4]	**5,000**	5,000
Guarantee facility - undrawn	**-**	-
Guarantee facility - drawn	**5,000**	5,000

1 Lease liabilities are effectively secured as rights to the leased assets reverting to the lessor in the event of default.

2 The Company has a Corporate revolving AUD loan facility provided by Investec Bank (Australia) Limited (Investec). There has been no change to this facility since the 31 December 2008 Annual Report.

3 RBS Sempra Metals & Concentrates LLC (RBS Sempra) holds US $20,050,000 (AU $24.7 million) in five year unlisted convertible redeemable notes issued by the Company, with a maturity date of 31 March 2013. The USD balance owing has been translated to AUD equivalents using the spot currency rate at 30 June 2009, which has given rise to an unrealised foreign exchange gain of $4.2 million for the interim period. Interest is payable bi-annually based on the London Interbank Offered Rate (LIBOR) plus a margin. The interest and principal is payable in either cash or shares at the discretion of the Company (at any time) or at the election of RBS Sempra (after the earlier of the two years or completion of the definitive feasibility study), with any unconverted notes to be repaid in cash at maturity. A total of 812,740 shares were issued during the period in lieu of a cash interest payment of US$455,452.

In September 2008, the Company issued $5,002,400 in five year unlisted convertible notes having a maturity date of 17 September 2013 to an institutional investor. The note holder has the right to convert the notes to fully paid ordinary shares in the capital of the Company at a conversion price of $2.21 per note. The interest rate is fixed at 8.00% per annum, with interest payable bi-annually in cash or shares at the discretion of the Company. A total of 505,648 shares were issued during the period in lieu of a cash interest payment of $197,355.

4 A $5.0 million guarantee facility has been provided by Investec in relation to rehabilitation bonds required by Department of Primary Industries and Resources South Australia (PIRSA) over ML 6229.

7 Issued Capital

Table of issued capital for the half year ended 30 June 2009:

Type of Share Issue	Number of Ordinary Shares on issue	Weighted average price	Share Capital $'000
Opening Balance	**110,625,605**		**80,675**
Share Placement	11,538,462	0.65	7,500
Shares issued in lieu of interest	1,318,388	0.5795	764
Exercise of options	-	-	-
Closing Balance	**123,482,455**	**-**	**88,939**
Share issue costs			-
Transfer of option reserve to issued capital following option exercise			-
Issued Capital	**-**	**-**	**88,939**

Table of issued capital for the half year ended 30 June 2008:

Type of Share Issue	Number of Ordinary Shares on issue	Weighted average price	Share Capital $'000
Opening Balance	**99,737,574**		**57,008**
Share purchase plan	4,852,942	3.40	16,500
Share placement	64,853	3.73	242
Exercise of options	860,000	0.6764	582
Closing Balance	**105,515,369**	**-**	**74,332**
Share issue costs	-	-	(534)
Transfer of option reserve to issued capital following option exercise	-	-	117
Issued Capital	**-**	**-**	**73,915**

8 Investments Accounted for Using the Equity Method

	30 June 2009 $'000	31 December 2008 $'000
Investment in associate	**1,080**	1,080
	1,080	1,080

9 Segment Reporting

The consolidated entity comprises the following main geographic segments:

- Australia
- Northern Africa

Primary reporting format – geographic segments

	Australia		Northern Africa		Economic Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Segment revenue	**13,669**	234	**-**	-	**13,669**	234
Segment results	**(7,493)**	9,839	**-**	-	**(7,493)**	9,839
Income tax expense	**-**	-	**-**	-	**-**	-
Gain/(loss) after income tax	**(7,493)**	9,839	**-**	-	**(7,493)**	9,839
Segment assets	**107,352**	116,872	**30,333**	28,864	**137,685**	145,736

10 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2009 was based on the net loss attributable to equity holders of the Company of $7,493,000 (2008: profit of $9,839,000) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2009 of 116,858,428 (2008: 100,163,627), calculated as follows:

	30 June 2009 $'000	30 June 2008 $'000
Net profit/(loss) for the half year	**(7,493)**	9,839
Issued ordinary shares	**123,482,455**	105,515,369
Weighted average number of ordinary shares	**116,858,428**	100,163,627
Basic earnings/(loss) per share (cents)	**(6.41)**	9.82

10 Earnings per share *(cont.)*

(b) Diluted earnings per share

The 30 June 2009 calculation of diluted earning per share does not include weighted dilutive potential ordinary shares on issue as to do so would have the effect of reducing the amount of the loss per share.

	30 June 2009 $'000	30 June 2008 $'000
Net profit/(loss) for the half year	**(7,493)**	9,839
Weighted average number of ordinary shares	**116,858,428**	100,163,627
Weighted average number of options	**-**	4,411,955
Weighed average number of shares and potential ordinary shares used in the calculation of diluted earnings per share	**116,858,428**	104,575,582
Diluted earnings/(loss) per share (cents)	**(6.41)**	9.41

11 Contingencies & Commitments

Since the last annual reporting date there has been no material change in contingent assets or liabilities.

(a) Capital expenditure commitments

	30 June 2009 $'000	31 December 2008 $'000
Capital expenditure commitments contracted for:		
Within 1 year	**129**	482
Total	**129**	482

(b) Finance leases

Commitments in relation to finance leases for the purchases of mobile mining equipment are:

Within 1 year	**2,171**	2,064
Longer than 1 year and not longer than 5 years	**3,517**	4,344
Minimum lease payments	**5,688**	6,408
Less: Future Finance Charges	**670**	898
Total lease liabilities	**5,018**	5,510
Representing:		
Current	**1,788**	1,614
Non-Current	**3,230**	3,896
	5,018	5,510

The interest rate implicit in the various leases vary from 6.7% to 11%.

12 Controlled Entities; Percentage Owned

Name	Country of incorporation	**30 June 2009**	30 June 2008
Parent Entity:			
Terramin Australia Limited	Australia		
Subsidiary of parent entity:			
Menninnie Metals Pty Ltd	Australia	**100%**	100%
Western Mediterranean Zinc Spa	Algeria	**65%**	65%
Terramin Spain S.L.	Spain	**100%**	100%
Terramin Exploration Pty Ltd	Australia	**100%**	100%
Terramin Investments S.L.	Spain	**100%**	100%

13 Related Party Transactions

There were no loans or related party transactions between key management personnel and the Company and its subsidiaries during or subsisting at the end of the interim period, other than remuneration arrangements which remain in place and are consistent with those disclosed in the 2008 Annual Report.

14 Subsequent Events

In early July 2009, the Company completed a share placement raising $10 million.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 20:
   (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
   (b) give a true and fair view of the economic entity's financial position as at 30 June 2009 and of its performance for the half-year ended on that date.
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Kevin C Moriarty
Executive Chairman

26th August 2009

Peter Zachert
Director

26th August 2009

Independent auditor's review report to the members of Terramin Australia Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Terramin Australia Limited, which comprises the consolidated statement of financial position as at 30 June 2009, consolidated income statement, consolidated statement of 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 and other explanatory notes 1 to 14 and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports 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 interim 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 2009 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As 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 an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Terramin Australia Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2009 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Derek Meates
Partner

Adelaide

26 August 2009

TERRAMIN AUSTRALIA LIMITED

Level 22, Westpac House
91 King William Street,
Adelaide, 5000
South Australia
t: +61 8 8213 1415
f: +61 8 8213 1416
e: info@terramin.com.au
w: www.terramin.com.au