



Renounceable Entitlement Offer

A fully underwritten, renounceable entitlement offer of 2.1 New Shares for every 1 Share held at an issue price of A\$0.02 per New Share to raise approximately A\$9.7 million.

The Entitlement Offer closes at 5.00pm (AEDST) on 20 December 2012

This Offer Booklet is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety. This document requires your immediate attention and if you are in any doubt about its contents or the course of action you should take, please contact your professional adviser.

The Offer Booklet is provided for information purposes and is not a prospectus or other disclosure document for the purposes of the Corporations Act. Accordingly, this Offer Booklet does not necessarily contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document.

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Table of Contents

Important Information	4	5.3. Selling all of your Entitlement on the ASX	22
1. Key Offer Details.....	7	5.4. Taking up part of your Entitlement and electing for the balance to be sold	22
1.1. Summary Entitlement Offer Information	7	5.5. Taking up part of your Entitlement and electing for the balance to lapse	23
1.2. Indicative Timetable	7	5.6. Disposing of all or part of your Entitlement to another person other than on the ASX	23
2. Chairman’s Letter	8	5.7. Entitlement to New Shares not taken up	23
3. Key Offer Background & Outcomes	10	5.8. Entitlement and Acceptance Form is binding	23
3.1. Background of the Entitlement Offer	10	5.9. No offer in the United States ...	24
3.2. Implications of the Entitlement Offer	11	5.10. Representations by acquirers of Entitlements and restrictions on taking up Entitlements acquired	25
4. Details of the Entitlement Offer	13	6. Key Risks	26
4.1. The Entitlement Offer	13	6.1. Risk Factors	26
4.2. Placement	14	6.2. Strategic Plan and Project Pipeline	26
4.3. Entitlements	14	6.3. Funding Risk	27
4.4. Additional Shares and Allocation Policy	14	6.4. Economic Conditions Risk	28
4.5. Underwriting	15	6.5. Commodity Prices Risk	28
4.6. Effect on Shareholding Register	15	6.6. Foreign Exchange Risk and Hedging	28
4.7. Entitlements Trading	17	6.7. Operational Risk	28
4.8. Ranking of New Shares and Quotation	17	6.8. Reliance on Key Personnel	29
4.9. CHES	18	6.9. Occupational health and safety 29	
4.10. Market prices of Shares	18	6.10. Reliance on key items of plant and equipment	29
4.11. Nominees and Overseas Shareholders	18	6.11. Reserves and Resources Estimation Risks	30
4.12. Taxation	19	6.12. Title Risk	30
4.13. Risks	19	6.13. Counterparties	31
4.14. Questions	20	6.14. Litigation	31
5. What Eligible Shareholders May Do21			
5.1. This section relates to Eligible Shareholders	21		
5.2. Taking up all of your Entitlement to New Shares and applying for Additional Shares 21			

6.15. Native title, Aboriginal heritage and indigenous claim risks	31	7.5. Withdrawal of Entitlement Offer	37
6.16. Environmental liabilities	31	7.6. Reliance on Offer Booklet	37
6.17. Changes to government policy, taxation laws and regulatory conditions	32	7.7. Overseas jurisdictions	38
6.18. Security Risk	32	7.8. Not investment advice	39
6.19. Insurance	33	7.9. Consents	39
6.20. Share market risks	33	7.10. Governing Law	39
7. Additional Information	34	8. Glossary	40
7.1. Expenses of the Entitlement Offer	34	9. Corporate Directory	42
7.2. Underwriting	34	10. ASX Announcements	43
7.3. Capital structure	37	ASX Entitlement Offer Announcement and Market Update dated 23 November 2012	43
7.4. Litigation	37		

Important Information

The Corporations Act allows listed companies to make a pro-rata entitlement offer of securities to existing Shareholders without a disclosure document. The Entitlement Offer to which this Offer Booklet relates complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Class Orders 07/571 and 08/35. Accordingly, the Entitlement Offer is without disclosure under Part 6D.2 of the Corporations Act and neither this Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC and no prospectus (or other disclosure document) will be prepared for the Entitlement Offer.

This Offer Booklet is provided for information purposes and is not, and does not purport to be, a prospectus or other disclosure document for the purposes of the Corporations Act. Accordingly, this Offer Booklet does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document, and does not necessarily contain all of the information which a prospective investor may require to make an investment decision.

This Offer Booklet is dated 23 November 2012. Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Entitlement Offer or the merits of the investment to which this Entitlement Offer relates.

The underwriter

The underwriters and each of their related bodies corporate and their respective directors, employees, officers and advisers (the **Underwriter** for the purposes of this section) accept no responsibility or liability for the contents of this Offer Booklet, make no warranty or representation as to the accuracy of the information in this Offer Booklet and to the maximum extent permitted by law, exclude and disclaim all liability for losses incurred as the result of any information being inaccurate or incomplete. The Underwriter makes no recommendation as to whether recipients of this Offer Booklet should participate in the

Entitlement Offer and makes no warranties concerning the Entitlement Offer.

The recipient acknowledges that neither it nor the Underwriter intends that the Underwriter or any member of the Underwriter's group of companies acts or is responsible as a fiduciary to the recipient, its officers, employees, consultants, agents, security holders, creditors or any other person. Each of the recipient and the Underwriter (on behalf of each other member of the Underwriter's group of companies), by accepting and providing this Offer Booklet respectively, expressly disclaims any fiduciary relationship and agrees that it is responsible for making its own independent judgments with respect to the Entitlement Offer, any other transaction and any other matters arising in connection with this Offer Booklet. The Underwriter and its directors, employees and officers may have interests in the Terramin securities referred to in this Offer Booklet, including being shareholders or directors of Terramin.

Further, they may act as a market maker or buy or sell those securities or associated derivatives as principal or agent. The Underwriter may receive fees for acting in its capacity as disclosed in the Offer Booklet.

Not investment advice

You should read this Offer Booklet in its entirety and refer to the releases made by Terramin to ASX before deciding whether to apply for New Shares. In particular, you should consider the risk factors outlined in the "Key Risks" section of this Offer Booklet (Section 6) and consider these factors in light of your personal circumstances, including financial and taxation issues. The information provided in this Offer Booklet is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Terramin is not licensed to provide financial product advice in respect of the New Shares. You should conduct your own independent review, investigation and analysis of the New Shares which are the subject of the Entitlement Offer. If you are in any doubt as to

Renounceable entitlement offer

how to deal with this Entitlement Offer or have any questions, you should contact your professional adviser without delay. You should obtain any professional advice you require to evaluate the merits and risks of an investment in Terramin before making any investment decision.

Overseas Shareholders

This Offer Booklet does not, and is not intended to, constitute an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. This Offer Booklet has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any country.

In particular, this Offer Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any person in the United States. None of this Offer Booklet, the ASX Announcement and the Market Update annexed to it, nor the Entitlement and Acceptance Form may be distributed to, or released in, the United States. The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by, and the New Shares may not be offered or sold to or for the account or benefit of, persons in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

Where it is not practical for Terramin to make an offer to Shareholders in an overseas jurisdiction, having regard to the number of overseas Shareholders, the number and value of the New Shares such Shareholders would be offered, the costs of compliance and the regulatory requirements of the relevant overseas jurisdiction, Terramin has not made offers to Shareholders in that overseas jurisdiction.

Accordingly Entitlement and Acceptance Forms will not be sent to any Shareholders outside of Australia or New Zealand. The distribution of this Offer Booklet and the

accompanying Entitlement and Acceptance Form outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Offer Booklet and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

New Shares are offered to Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Offer Booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Return of a duly completed Entitlement and Acceptance Form will be taken by Terramin to constitute a representation that there has been no breach of laws in connection with your ability to participate in the Entitlement Offer.

Entitlement trading

Entitlements are renounceable and therefore may be sold by you. You may sell your Entitlements on ASX or otherwise transfer them if you do not wish to take up some or all of your Entitlement. It is proposed that Entitlement trading on ASX will commence on 27 November 2012 and cease on 13 December 2012. See Section 5 of this Offer Booklet for instructions on how to deal with your Entitlement.

Terramin has appointed Asipac Capital Pty Ltd as nominee to sell the Entitlements of Excluded Shareholders. See Section 4.11 of this Offer Booklet for further information.

If you decide to take up some or all of your Entitlement, you cannot, in most circumstances, withdraw your application for New Shares once it has been accepted.

Future performance

The pro forma financial information (including past performance information) provided in this Offer Booklet is for information purposes only

and is not a forecast or projection of operating results to be expected in any future period. Except as required by law, and only then to the extent so required, neither Terramin nor any other person warrants or guarantees the future performance of Terramin or any return on any investment made pursuant to this Offer Booklet.

Past share price performance of Terramin provides no guidance as to future share price performance.

Financial forecasts and other forward looking statements

Some of the statements appearing in this Offer Booklet may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements are subject to many inherent risks and uncertainties (many of which are beyond the control of Terramin) before actual outcomes are achieved. Actual outcomes may differ materially from the events, intentions or results expressed or implied in any forward looking statement in this Offer Booklet. These forward looking statements are based on information available to Terramin as of the date of this Offer Booklet. Except as required by law or regulation (including ASX Listing Rules), Terramin undertakes no obligation to update these forward looking statements.

To the maximum extent permitted by law none of Terramin, its officers, employees, agents, associates and advisers (including persons named in this Offer Booklet and any person involved in the preparation of this Offer Booklet) makes any representation or warranty (express or implied) as to the currency, accuracy, reliability, completeness or likelihood of fulfilment of any forward looking statement, or any intentions or outcomes expressed or implied in any forward looking statement and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence). You are cautioned not to place undue reliance on any forward looking statement having regard to the fact that the outcome may not be achieved.

No representations other than as set out in this Offer Booklet

No person is authorised to give any information or make any representation in connection with the Entitlement Offer other than as contained in this Offer Booklet. Any information or representation in connection with the Entitlement Offer not contained in this Offer Booklet is not, and may not be relied upon as having been authorised by Terramin or any of its officers.

Defined terms

Defined terms and abbreviations used in this Offer Booklet are explained in Section 8.

1. Key Offer Details

1.1. Summary Entitlement Offer Information

Issue Price per New Share	A\$0.02 per New Share payable in full on application
Shareholder entitlements	2.1 New Shares for every 1 Share held on the Record Date
Discount of the Issue Price to the closing price of A\$0.029 on 22 November 2012	31%
Discount of the Issue Price to the 30 day volume weighted average price up to and including 22 November 2012 of A\$0.034	42%
Maximum number of New Shares that may be issued under the Entitlement Offer.	486,984,133 (approximately)
Maximum amount which may be raised under the Entitlement Offer	A\$9,739,683
Maximum number of Shares on issue following the Entitlement Offer (including the Placement)	718,881,339 (approximately)

1.2. Indicative Timetable

Entitlement Offer Announced	Friday 23 November 2012
Offer Booklet lodged with ASX	Friday 23 November 2012
Entitlement trading commences	Tuesday 27 November 2012
Record Date for Entitlement Offer	Monday 3 December 2012
Entitlement Offer Opening Date	Tuesday 4 December 2012
Despatch of Offer Booklet and Entitlement Forms	Thursday 6 December 2012
Entitlement trading ends	Thursday 13 December 2012
Entitlement Offer Closing Date	5.00pm (AEDST) Thursday 20 December 2012
Settlement of applications under the Entitlement Offer	Monday 31 December 2012
Expected date for trading of New Shares issued under the Entitlement Offer	Wednesday 2 January 2013

These dates are indicative only and may be subject to change. Subject to the Corporations Act, the Listing Rules and other applicable laws, the Directors reserve the right to vary the dates of the Entitlement Offer. The Directors also reserve the right not to proceed with the whole of the Entitlement Offer. The commencement of quotation of New Shares is subject to confirmation from ASX.

2. Chairman's Letter

Dear Shareholder,

On behalf of the Directors of Terramin, I wish to invite you to participate in a 2.1 for 1, fully underwritten, renounceable, pro-rata entitlement offer of new fully paid ordinary shares in Terramin at an issue price of \$0.02 per Share (**Issue Price**) (**Entitlement Offer**). Entitlements will be determined on the basis of Shares held at 7:00pm (AEDST) on 3 December 2012 by Eligible Shareholders. The Entitlement Offer is renounceable, which means that Entitlements may be traded on the ASX or otherwise transferred if you do not wish to take up some or all of the New Shares to which you are entitled.

On 23 November 2012, Terramin announced a suite of initiatives aimed at securing greater financial and operational certainty for the Company. The measures announced include:

- its intention to raise a total of \$10,039,683 through the Entitlement Offer and a separate placement of 15,000,000 ordinary shares to Wanshe Holdings Pty Ltd (**Wanshe**) (**Placement**) at an issue price of \$0.02 (the same issue price offered to Eligible Shareholders under the Entitlement Offer). The Placement was completed on 23 November 2012;
- completion of a restructure of Terramin's existing loan facilities with Investec Bank (Australia) Limited (**Investec**), including the repayment of \$3m upon the completion of the Entitlement Offer and the deferral of \$7m loan repayment to 28 February 2013;
- ongoing negotiations with an existing noteholder in relation to the extension of the maturity date of 2,263,529 unlisted convertible notes priced at \$2.21 currently due on 17 September 2013 (**September 2013 Notes**);
- an agreement between the Company and Asipac Group Pty Ltd (**Asipac Group**) to extend the maturity date of US\$15,050,000 in unlisted convertible redeemable notes (**JP Morgan Notes**) currently on issue, from 31 March 2013 until 31 May 2014 subject to the extension of the September 2013 Notes and otherwise if an agreement is not reached to extend the September 2013 Notes then until immediately prior to the maturity date or the redemption or conversion of the September 2013 Notes. This agreement will take effect following completion of the acquisition by Asipac Group of the JP Morgan Notes from JP Morgan Ventures Energy Corporation (**JP Morgan**), which is conditional upon, amongst other things, successful completion of the Entitlement Offer;
- resumption of exploration activities focusing on targets within close proximity of the Angas Zinc Mine to extend mine life; and
- plans for exploration on Fleurieu tenements which are prospective for gold and copper mineralisation.

The Issue Price for the Entitlement Offer represents a 31% discount to Terramin's closing share price on 22 November 2012 of \$0.029 and a 42% discount to the volume

Renounceable entitlement offer

weighted average price of Terramin shares on the ASX during the thirty trading days ending on 22 November 2012.

The net proceeds from the Entitlement Offer and the Placement will be used to fund the partial repayment of principal under Terramin's revolving facility with Investec, the progression of further exploration activities, the advancement of the Tala Hamza project in Algeria and Terramin's general working capital requirements. Further details regarding the proposed use of funds raised pursuant to the Entitlement Offer are set out in Section 4.1.

The Entitlement Offer is fully underwritten by Asipac Capital Pty Ltd (**Asipac**) and Wanshe (a company associated with Asipac) (together, the **Underwriter**). Details of the Underwriting Agreement are contained in Section 7.

All Directors of Terramin who are Eligible Shareholders intend to subscribe for all of their Entitlement under the Entitlement Offer.

The Offer Booklet sets out full details of the Entitlement Offer and should be read in its entirety before deciding whether or not to participate in the Entitlement Offer.

Section 5 sets out instructions on how to accept all or part of your Entitlement under the Entitlement Offer. The Board is also offering Eligible Shareholders the opportunity to apply for New Shares in addition to their Entitlement. Applications for Additional Shares will be satisfied in the event of and to the extent that Eligible Shareholders do not take up their Entitlements in full and otherwise in accordance with the policy set out in Section 4.4.

The information in this Offer Booklet is relevant to your decision whether to participate in the Entitlement Offer. You are encouraged to read this Offer Booklet in detail before determining whether or not to participate in the Entitlement Offer, in particular sections 4, 6 and 7 of this Offer Booklet as it sets out the background of the offer, the potential implications on the Company's shareholding register and the key risks affecting the Company.

You should obtain any professional advice you require to evaluate whether to participate in the Entitlement Offer.

If you have any further questions in relation to the Entitlement Offer please call the Terramin Shareholder Information Line on 1300 556 161 (local call cost within Australia) or +61 3 9145 4000 (from outside Australia) between 8.30am and 5.30pm (AEDST) Monday to Friday during the period in which the Entitlement Offer is open or contact your stock broker or other professional adviser.

The closing date for return of completed Entitlement and Acceptance Forms and payment is 20 December 2012.

On behalf of Directors, I invite you to consider this investment opportunity and thank you for your ongoing support of Terramin.

Yours faithfully,

Michael Kennedy
Chairman

3. Key Offer Background & Outcomes

3.1. Background of the Entitlement Offer

As previously announced, in September 2011 Terramin commenced a strategic review of the Company's operations, including options available to raise capital for operational requirements and the repayment of the Company's debt facilities. With the assistance of corporate advisors the board has undertaken an exhaustive process to assess all options available to the Company to secure funding including:

- a placement to a strategic investor and a share purchase plan which together raised approximately \$3m at the end of 2011;
- discussions with several parties in relation to various capital raising options, including equity placements and asset sales, however none of those discussions resulted in offers that, in the opinion of the Company's directors, were best in the interests of Shareholders; and
- negotiations with its current major shareholder, China Non Ferrous Metals Industry's Foreign Engineering and Construction Co., Ltd (**NFC**), for NFC to purchase the Company's interest in the Tala Hamza project, as announced to the market in April 2012, however no binding offer has been made for the Company's interest to date.

Despite these efforts, the Company has an ongoing need for additional capital, as disclosed in the Company's 2012 Interim Financial Report, released to ASX on 7 September 2012.

Given the above, the directors of Terramin are of the opinion that the Entitlement Offer (and the underwriting arrangements it has negotiated, as described in detail in Section 7.2) is the best option available for the Company to raise the required funds. The proposed structure, being an underwritten, pro-rata, renounceable entitlement offer at a discount to the prevailing market price of the Company's Shares, provides Eligible Shareholders with flexibility by providing an opportunity to participate in the capital raising to avoid dilution of their shareholding or to dispose of their Entitlement to realise value without the need for a further capital contribution, while also providing certainty of the fundraising outcome by way of the underwriting arrangements.

In this regard, an extensive process was undertaken by the Company to identify potential underwriters for the Entitlement Offer (including professional underwriters and major shareholders).

Notwithstanding the launch of the Entitlement Offer, and subject to a number of market and operational variables (including but not limited to AUD realised metal prices, the Company's Angas Zinc Mine performance, exploration results and progress with the Tala Hamza project), the outcome of which are uncertain at this time, the Company may need to seek additional funds in the first quarter of 2013 to satisfy its ongoing debt repayment obligations to its financiers and to carry out its strategic plan (as discussed further in Section 6.3). If additional funds are raised by issuing equity, this might result in the further dilution of the shareholdings of existing Shareholders at that time.

3.2. Implications of the Entitlement Offer

The Entitlement Offer is expected to have a material effect on the shareholding structure of the Company. Further details of the effect of the Entitlement Offer on the shareholding structure of the Company can be found in Section 4.6, however, in summary:

- The Entitlement Offer will be fully underwritten by Asipac Capital Pty Ltd and Wanshe Holdings Pty Ltd (together, the **Underwriter**). Further details of the underwriting arrangements can be found in Section 7.2. The Underwriter has entered into a sub-underwriting agreement with Tronic Enterprise Development Limited (HK Company No. 1783691) (**Tronic**) to sub-underwrite approximately 92,792,376 New Shares (being approximately 25% of the New Shares to be underwritten under the Entitlement Offer).
- Prior to the Record Date, Asipac and its associates (including Wanshe and Asipac Group) will hold a relevant interest in approximately 11.06% of Terramin's issued capital as a result of the Placement and the proposed acquisition by Asipac Group of Shares from JP Morgan as announced by Terramin on 23 November 2012.
- In the event that not all Entitlements are taken up by Eligible Shareholders, the Underwriter and sub-underwriter will be required to take up New Shares.
- Under the underwriting and sub-underwriting arrangements currently in place, the Underwriter and Tronic may acquire a relevant interest in up to a maximum of approximately 46.67% and 12.91% of the issued capital of Terramin respectively.
- If the sub-underwriting arrangements do not proceed, it is possible that the Underwriter could acquire a relevant interest in up to a maximum of 59.58% of the Company's issued capital. However, the Company considers it very unlikely that the Underwriter's relevant interest could exceed 49.9% even if the sub-underwriting arrangements were terminated. This is because:
 - as the Entitlement Offer is renounceable, Entitlements to New Shares may be acquired on ASX and as a result will not form part of any Shortfall;
 - Eligible Shareholders have the ability to apply for Additional Shares over and above their Entitlement (see Section 4.4);
 - the Underwriter is obliged under the Underwriting Agreement to ensure its interest does not exceed 49.9% by securing additional or alternative sub-underwriters; and
 - the Company may, in consultation with the Underwriter, place part of any Shortfall to new investors under the Placement Facility (see Section 4.4) to the extent necessary to ensure that the Underwriter's relevant interest in Terramin Shares does not exceed 49.9% as a result of the Entitlement Offer.

Any New Shares not issued to Eligible Shareholders, to the Nominee for the Excluded Shareholders or to new investors will be issued to the Underwriter under the terms of the Underwriting Agreement.

Renounceable entitlement offer

- Asipac will be entitled to appoint 1 director to the Board of Terramin if, following the Entitlement Offer, its Shareholding is up to 20%, and 2 directors if its Shareholding exceeds 20%. Asipac will therefore be able to participate in influencing the strategic direction of the Company in a director capacity. However, the appointment of 2 directors to the Company's Board would not give Asipac the ability to control financial or operational decisions at Board level. Asipac's intentions in relation to the Company are outlined further in Section 4.6.

4. Details of the Entitlement Offer

4.1. The Entitlement Offer

Terramin intends to raise approximately \$9,739,683 under the Entitlement Offer.

Under the Entitlement Offer Terramin is making an offer of New Shares to Eligible Shareholders on the basis of 2.1 New Shares for every 1 Share held on the Record Date. The Issue Price for each New Share is A\$0.02 which is payable in full on application. Fractional entitlements are being rounded up to the next whole New Share. Eligible Shareholders will also be permitted to apply for New Shares in excess of their Entitlements.

The Entitlement Offer is renounceable, which means that Eligible Shareholders may sell their Entitlements if they do not want to take them up. A market will be established on ASX to facilitate trading of these Entitlements, or you may transfer them off-market. Entitlements trading commences on ASX on 27 November 2012, and the last day for Entitlements trading is 13 December 2012 (**Entitlements Trading Period**). With the approval of ASIC, Terramin has appointed Asipac to sell the Entitlements of Excluded Shareholders (see Section 4.11 for more information).

New Shares issued pursuant to the Entitlement Offer will be fully paid and rank equally with existing Shares on issue.

The number of New Shares that you are entitled to subscribe for is shown on the accompanying Entitlement and Acceptance Form. The Closing Date for receipt of Entitlement and Acceptance Forms and payment of Application Monies is 5:00 pm AEDST on 20 December 2012 or such other date as the Directors may determine, subject to the requirements of the Listing Rules and other applicable law.

The maximum number of New Shares which may be issued under the Entitlement Offer will be approximately 486,984,133. The number of New Shares issued will result in gross proceeds of A\$9,739,683. The costs of the Entitlement Offer are set out in Section 7.

The Entitlement Offer is fully underwritten such that the total amount to be raised will be \$9,739,683.

The net proceeds of the Placement and the Entitlement Offer (less the costs of the Entitlement Offer) will be used as follows:

- \$2 million to fund Terramin's general working capital requirements;
- \$3 million for the partial principal repayment of the Company's revolving finance facilities with Investec; and
- \$4.5 million for carrying out exploration activities on Terramin's tenements in South Australia and advancing Terramin's Tala Hamza project in Algeria.

Please refer to the Market Update annexed to this Offer Booklet for information on the sources and proposed use of funds raised by way of the Entitlement Offer and the

Renounceable entitlement offer

Placement and for information on Terramin's business, performance and strategy. You should also consider other publicly available information about Terramin available at www.asx.com.au and www.terramin.com.au.

4.2. Placement

On 22 November 2012, Terramin conducted the Placement to Wanshe at an Issue Price of \$0.02 per New Share. The Placement raised approximately \$300,000. New Shares under the Placement were allotted on 23 November 2012.

4.3. Entitlements

Eligible Shareholders are invited to subscribe for all or part of their Entitlement and are being sent this Offer Booklet with a personalised Entitlement and Acceptance Form.

The Entitlement Offer constitutes an offer to Eligible Shareholders only. Eligible Shareholders are Shareholders on the Record Date who have a registered address in Australia or New Zealand and who are eligible under all applicable laws to receive an offer under the Entitlement Offer.

The Issue Price under the Entitlement Offer is \$0.02 per New Share, the same as the Issue Price under the Placement.

The Entitlement Offer closes at 5:00pm (AEDST) on 20 December 2012 or such other date as the Directors may determine, subject to the requirements of the Listing Rules and other applicable law. New Shares in respect of the Entitlement Offer are to be issued on 31 December 2012.

4.4. Additional Shares and Allocation Policy

All Eligible Shareholders will be allocated New Shares applied for up to their Entitlement. Eligible Shareholders who take up their full Entitlement may also apply for Additional Shares above their Entitlement. Applications for Additional Shares must be made on the Entitlement and Acceptance Form.

The allocation, rejection and scale-back of Additional Shares is subject to the Underwriter's right to nominate and determine, in consultation with Terramin, the allocation of Additional Shares in accordance with the rejection and scale back policy set out below.

In the event that some Eligible Shareholders do not take up their Entitlements in full and other Eligible Shareholders have applied for Additional Shares, the Directors will endeavour to issue the number of New Shares applied for by subscribers for Additional Shares. Where there are insufficient New Shares available to meet subscriptions for Additional Shares, the Directors may scale back any application for Additional Shares on a pro-rata basis. Terramin may, in consultation with the Underwriter, reject any application for Additional Shares or allocate fewer New Shares than applied for by subscribers for Additional Shares. In such an event, Application Monies (without interest) will be refunded as soon as possible after the Closing Date.

In addition, the Directors may, following good faith consultation with the Underwriter, offer New Shares not applied for by Eligible Shareholders to new investors with

Renounceable entitlement offer

registered addresses in Australia and New Zealand and other eligible new investors (limited to persons to whom the making of such an offer is lawful having regard to the securities laws applicable in their jurisdiction) (**Placement Facility**).

In accordance with the terms of the Underwriting Agreement, the Placement Facility will only be used by the Company if it is likely that the Underwriter would otherwise acquire a relevant interest in more than 49.9% of Terramin's issued Shares following completion of the Entitlement Offer. See Section 7.2 for further details.

The issue price of any New Shares offered pursuant to the Placement Facility will be \$0.02 per Share, being the same price at which the Entitlement Offer is being made to Eligible Shareholders. Any New Shares not applied for by Eligible Shareholders and not issued to the Nominee or to new investors under the Placement Facility will be issued to the Underwriter under the terms of the Underwriting Agreement.

New Shares in excess of Entitlements will only be issued to Eligible Shareholders, or to other eligible new investors under the Placement Facility, in accordance with the above. Any Additional Shares will be limited to the extent there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements.

4.5. Underwriting

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Entitlement Offer for an underwriting commission of 5% of the total amount to be raised under the Entitlement Offer of approximately \$9,739,683. The Underwriting Agreement includes the right for the Underwriter to terminate the Underwriting Agreement under certain conditions which are detailed in Section 7.2.

4.6. Effect on Shareholding Register

The anticipated effect of the issue of New Shares under the Entitlement Offer on the Company's shareholding structure is as follows:

- If all Shareholders take up their Entitlements, each Shareholder's percentage interest in the total issued share capital of the Company will remain the same and will not be diluted, with the Entitlement Offer having no effect on the control of the Company.
- Subject to disclosure below in relation to the potential effect on control in relation to the underwriting arrangements, other than as a result of:
 - (a) Shareholders taking advantage of the shortfall facility under the Entitlement Offer to acquire Additional Shares beyond their Entitlement; or
 - (b) Shareholders purchasing additional Entitlements and applying for New Shares conferred by those Entitlements,

no existing holder of Shares will increase their Shareholding in Terramin above 20% as a result of the Entitlement Offer.

- In relation to the underwriting arrangements, pursuant to which the Underwriter has agreed to fully underwrite the Entitlement Offer (including by way of sub-underwriting

arrangements as set out in further detail in Section 7.2) the following effects on the Company's shareholding structure are expected:

- (a) As a result of the Placement, Wanshe will hold a total of 15,000,000 Shares (or approximately 6.47% of the issued capital of Terramin) prior to the Record Date. Wanshe has undertaken to subscribe for its full Entitlement (relating to the Placement Shares) under the Entitlement Offer. Further, Wanshe and Asipac both have a relevant interest in 10,646,297 additional Shares as a result of the proposed acquisition by Asipac Group of those Shares from JP Morgan as announced by Terramin on 23 November 2012.
- (b) In the unlikely event that no Eligible Shareholder takes up their Entitlement and the Underwriter and sub-underwriters are required to take up all of the New Shares pursuant to the proposed underwriting arrangements, the Underwriter has secured Tronic, a company registered in Hong Kong (and unrelated to each of the Underwriter and Terramin), to sub-underwrite up to approximately 92,792,376 New Shares which, following completion of the Entitlement Offer, would result in Asipac having, at a maximum, a relevant interest in approximately 46.67% of the issued capital of Terramin and Tronic acquiring a relevant interest in approximately 12.91% of the issued capital of Terramin.
- (c) In the event that the sub-underwriting with Tronic did not proceed, and assuming in such event that the Underwriter did not also have a right to terminate the underwriting agreement in accordance with its terms, it is possible that the Underwriter may acquire a relevant interest in up to a maximum of 59.58% of Terramin Shares. However, the Company is of the view that, as a result of the terms of the Underwriting Agreement and the operation of the Placement Facility, it is very unlikely that the Underwriter's relevant interest in Terramin Shares will exceed 49.9% in total following completion of the Entitlement Offer. The Underwriter has a contractual obligation under the Underwriting Agreement to secure additional or alternative sub-underwriting arrangements to ensure its shareholding does not exceed 49.9% following completion of the Entitlement Offer. In addition, the Company has the ability under the terms of the Entitlement Offer and the Underwriting Agreement to seek to place any Shortfall to new investors under the Placement Facility (see Section 4.4 above) to the extent necessary to ensure that the Underwriter's relevant interest in Terramin Shares does not exceed 49.9%. Any New Shares not issued to Eligible Shareholders, to the Nominee for the Excluded Shareholders or to new investors will be issued to the Underwriter under the terms of the Underwriting Agreement.
- (d) Terramin has agreed as a part of the underwriting arrangements (as outlined in further detail below) that Asipac will be entitled to appoint 1 director to the Board of Terramin if its Shareholding following completion of the Entitlement Offer is up to 20%, and 2 directors if its Shareholding exceeds 20%. In such circumstances, Asipac will be in a position to participate in the strategic management of Terramin in a director capacity. In the event that Asipac is entitled to appoint 2 directors to the Board of Terramin, the Company notes that such a level of Board representation would be insufficient to enable Asipac to determine the outcome of decisions about Terramin's financial and operating policies at Board level, as the Board representation would not constitute a majority of all directors.

Renounceable entitlement offer

In relation to Asipac's intentions, Asipac has informed the Board that it supports the Company's current strategic direction as outlined in the Market Update annexed to this Offer Booklet, including the decision to discontinue the proposed sale of Terramin's interest in the Tala Hamza project and to focus on strengthening the Company's balance sheet.

- The following are some examples demonstrating possible outcomes of the Entitlement Offer assuming different levels of participation.

% of Entitlements taken up by Eligible Shareholders other than the Underwriter	% of Company's Shares held following completion of Entitlement Offer	
	Underwriter	Tronic
0%	46.67%	12.91%
25%	36.99%	9.68%
50%	27.31%	6.45%
75%	17.63%	3.23%
100%	7.95%	0%

Each of the above calculations (and the calculations otherwise set out in this Section 4.6 and in Section 3.2 above) of the Underwriter and Tronic's potential Shareholding exclude Entitlements in relation to Shares held by Excluded Shareholders, which will be dealt with separately by Asipac in its capacity as nominee appointed under section 615 of the Corporations Act (see Section 4.11 below). It is anticipated that the maximum number of shares which could be issued to Asipac in its capacity as nominee would be approximately 11.73% of the total number of Shares on issue in the Company immediately following close of the Entitlement Offer.

4.7. Entitlements Trading

The Entitlement Offer is renounceable. This means that your Entitlement to subscribe for New Shares under this Offer Booklet is transferable. A market will be established on ASX to facilitate trading of these Entitlements during the Entitlements Trading Period, or you may choose to transfer your Entitlement off-market. Any Entitlements not taken up by an Eligible Shareholder or sold during the Entitlements Trading Period will lapse and form part of the Shortfall to be subscribed for by the Underwriter and any sub-underwriters pursuant to the terms of the Underwriting Agreement. See Section 5 for further information on how to trade your Entitlement.

4.8. Ranking of New Shares and Quotation

All New Shares being offered under the Entitlement Offer will, on issue, rank equally in all respects with all other Shares on issue.

Terramin will apply to ASX for quotation of the New Shares to be traded on the ASX in accordance with the requirements of the ASX Listing Rules. Subject to approval being granted, it is expected that normal trading of New Shares under the Entitlement Offer will commence on 2 January 2013.

4.9. CHESS

In addition to Terramin's issuer sponsored subregister (**Issuer Sponsored Subregister**) Terramin participates in the Clearing House Electronic Subregister System, known as CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and ASTC Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are registered in the Issuer Sponsored Subregister, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued to you under this Offer Booklet and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time, however, there may be a charge associated with the provision of this service.

4.10. Market prices of Shares

The lowest and highest market sale prices of Shares on the ASX during the three months preceding the date of this Offer Booklet were A\$0.025 and A\$0.055 respectively. The closing price of Terramin's Shares on the ASX on 22 November 2012 was A\$0.029. The Issue Price of A\$0.02 represents a discount of approximately 31% to the closing price on 22 November 2012 and a 42% discount to the 30 day volume weighted average price of Terramin's Shares traded on the ASX over the 30 days up to and including 22 November 2012.

4.11. Nominees and Overseas Shareholders

The Entitlement Offer is being made to all Eligible Shareholders. Terramin is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. Where any holder is acting as a nominee for a foreign person that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

Any person in the United States or any person that is acting for the account or benefit of, a person in the United States, with a holding through a nominee may not participate in the Entitlement Offer, and such a nominee must not take up any Entitlement.

Restrictions regarding the Entitlement Offer and certain overseas jurisdictions are set out in the Important Information section of this Offer Booklet. Return of a duly completed Entitlement and Acceptance Form will be taken by Terramin to constitute a representation that there has been no breach of laws in connection with your ability to

participate in the Entitlement Offer. Terramin reserves the right to treat as invalid any Entitlement and Acceptance Form or application by the payment of funds which does not comply with the requirements of the Offer Booklet or the Entitlement and Acceptance Form or which Terramin believes has been sent for or on the account of a person not entitled to participate in the Entitlement Offer.

For the purposes of section 615 of the Corporations Act and with the approval of ASIC, Terramin has appointed Asipac to act as the nominee for Excluded Shareholders (**Nominee**). The Nominee's role will be, if there is a viable market for the Entitlements, to arrange for the sale of Entitlements which would have been granted to Excluded Shareholders if they were eligible to participate in the Entitlement Offer on market via the ASX (or otherwise at its discretion including off-market) and to account to those Excluded Shareholders for the net proceeds of sale (if any) after deducting all costs involved in the sale (including brokerage).

If the Nominee is unable to sell any of the Entitlements of Excluded Shareholders during the Entitlements trading period, the Nominee will be required to subscribe (as trustee for the Excluded Shareholders) for the shares the subject of those Entitlements and to undertake to sell the resultant New Shares on-market (or otherwise at its discretion including off-market), with the proceeds of sale (less subscription and sale costs) distributed to the Excluded Shareholders in proportion to their shareholdings in due course. The period over which the Nominee is able to dispose of the New Shares may extend beyond the closing and settlement of the Entitlement Offer.

The Nominee may in its sole discretion determine the price at which the Entitlements or any New Shares subscribed for in its capacity as Nominee may be sold and the manner of any such sale. However, the Nominee is restricted from selling the Entitlements or the New Shares to any party that is, or would be because of such sale, an associate of the Nominee.

Neither Terramin nor the Nominee will be subject to any liability for failure to sell such Entitlements or New Shares, or to sell them at any particular price. The net proceeds of the sale (if any), after deducting all costs involved in the sale (including brokerage) and subsequent distribution of such proceeds, will be distributed in due proportion to each of the Excluded Shareholders for whose benefit the Entitlements or New Shares have been sold.

4.12. Taxation

Shareholders should be aware that there may be taxation implications associated with participating in the Entitlement Offer. The taxation consequences of participating in the Entitlement Offer may vary depending on the individual circumstances of the Shareholder. Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

4.13. Risks

An investment in Terramin involves a number of risks. The key risks associated with an investment in Terramin are set out in Section 6 of this Offer Booklet. You should consider these factors in light of your personal circumstances, including financial and taxation issues. Before making an investment decision, you should read the Offer

Booklet in full and should consult with your professional advisers. You should conduct your own independent review, investigation and analysis of the Shares. You should obtain any professional advice you require to evaluate the merits and risks of an investment in Terramin before making any investment decision.

4.14. Questions

If you have any questions in relation to the Entitlement Offer please call the Terramin Shareholder Information Line on 1300 556 161 (local call cost within Australia) or +61 3 9145 4000 (from outside Australia) between 8.30am and 5.30pm (AEDST) Monday to Friday during the period in which the Entitlement Offer is open or consult your professional adviser.

5. What Eligible Shareholders May Do

5.1. This section relates to Eligible Shareholders

Your Entitlement to New Shares is shown on the accompanying Entitlement and Acceptance Form. Before taking any action in relation to the Entitlement Offer, you should read this Offer Booklet in its entirety, and seek advice from your professional adviser.

In relation to the Entitlement Offer you may:

- take up all of your Entitlement to New Shares and, if you wish, apply for Additional Shares (refer to Section 5.2); or
- sell all of your Entitlement on the ASX (refer to Section 5.3); or
- take up part of your Entitlement to New Shares and elect for the balance to be sold on the ASX (refer to Section 5.4); or
- take up part of your Entitlement to New Shares and allow the balance to lapse (refer to Section 5.5); or
- transfer all or part of your Entitlement to another person other than on the ASX (refer to Section 5.6); or
- renounce all of your Entitlement to New Shares by allowing your Entitlements to lapse (refer to Section 5.7).

5.2. Taking up all of your Entitlement to New Shares and applying for Additional Shares

If you wish to take up your Entitlement to New Shares, you should complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the Entitlement and Acceptance Form and send the completed Entitlement and Acceptance Form together with your cheque made payable to “Terramin Australia Limited – Offer Account” for the applicable Application Monies to the Share Registry at the address set out on the Entitlement and Acceptance Form. Completed Entitlement and Acceptance Forms must reach the Share Registry by no later than 5:00 pm AEDST on the Closing Date of 20 December 2012.

If you wish to take up all of your Entitlement to New Shares **and** apply for Additional Shares, you should:

- complete the accompanying Entitlement and Acceptance Form by inserting the total number of New Shares you wish to acquire (being a number greater than your Entitlement), and otherwise in accordance with the instructions set out in the Entitlement and Acceptance Form; and
- send the completed Entitlement and Acceptance Form together with your cheque made payable to “Terramin Australia Limited – Offer Account” for the applicable Application Monies to the Share Registry at the address set out on the Entitlement and Acceptance Form. Completed Entitlement and Acceptance Forms must reach the Share Registry by no later than 5:00 pm AEDST on the Closing Date of 20 December 2012.

As an alternative you may pay Application Monies by BPAY[®] and those Application Monies must reach the Share Registry by no later than 5:00 pm AEDST on the Closing Date of 20 December 2012. For payment by BPAY[®], please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make a payment via BPAY[®] if you are the holder of an account with an Australian financial institution that supports BPAY[®] transactions.

Please note that should you choose to use BPAY[®] to pay your Application Monies:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the declarations on that Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

5.3. Selling all of your Entitlement on the ASX

If you wish to sell your full Entitlement on the ASX, forward the Entitlement and Acceptance Form to your stockbroker with instructions to sell the whole of your Entitlement. Please note that quotation of the Entitlements on the ASX will commence on 27 November 2012. Sale of your Entitlement must be completed by 13 December 2012, when Entitlements trading ceases.

If your shareholding is broker sponsored, you can only sell your Entitlement through your sponsoring broker.

5.4. Taking up part of your Entitlement and electing for the balance to be sold

If you wish to take up part of your Entitlement and sell the balance on the ASX, complete the section of the accompanying Entitlement and Acceptance Form marked "Instruction to Your Stockbroker" and lodge the Form, together with your cheque for the amount due in respect of the New Shares subscribed for, with your stockbroker. Alternatively, lodge the Form with your stockbroker and use BPAY[®] to pay for the Application Monies due in respect of the New Shares subscribed for in the manner described in Section 5.2 above.

If your shareholding is broker sponsored, you can only sell part of your Entitlement through your sponsoring broker.

[®] Registered to BPAY Pty Ltd ABN 69 079 137 518

5.5. Taking up part of your Entitlement and electing for the balance to lapse

If you wish to take up part of your Entitlement to New Shares and allow the balance to lapse, complete the Entitlement and Acceptance Form in accordance with the instructions set out in the Entitlement and Acceptance Form for those Entitlements you wish to accept. The completed Entitlement and Acceptance Form should be sent together with your cheque made payable to "Terramin Australia Limited – Offer Account" for the applicable Application Monies to the Share Registry at the address set out on the Entitlement and Acceptance Form by no later than 5:00 pm AEDST on the Closing Date of 20 December 2012.

As an alternative you may pay Application Monies by BPAY[®] in the manner described in Section 5.2 above.

5.6. Disposing of all or part of your Entitlement to another person other than on the ASX

If your existing Shares are held on the Issuer Sponsored Subregister maintained by Terramin and you wish to dispose of all or part of your Entitlement to another person other than on the ASX, you should forward a completed Australian Standard Renunciation and Acceptance Form (obtainable from your stockbroker or the Share Registry) together with your Entitlement and Acceptance Form and a cheque from the applicable transferee for the appropriate amount and your cheque where you wish to apply for the balance of your Entitlement not disposed of to another person. These are to reach the Share Registry by no later than 5:00pm AEDST on 13 December 2012.

Eligible Shareholders holding Shares registered on the CHESS sub-register should contact their sponsoring broker.

If the Share Registry receives both a completed Standard Renunciation and Acceptance Form and a completed Entitlement and Acceptance Form in respect of the same Entitlement, unless payment is enclosed, the renunciation will be given priority over the acceptance.

5.7. Entitlement to New Shares not taken up

Your Entitlement to New Shares offered pursuant to this Offer Booklet may be valuable. Terramin recommends that if you decide not to accept all or part of your Entitlement, you should deal with your Entitlements rather than allow them to lapse.

If you decide not to take up all or part of your Entitlement to New Shares and do not sell your remaining Entitlements in accordance with Sections 5.3, 5.4, or 5.6 above, the remaining Entitlements will lapse. You will receive no payment for your lapsed Entitlements and your Entitlement may be taken up by other Eligible Shareholders who subscribe for Additional Shares. Your holding of existing Shares, as a percentage of the total number of Shares on issue, will be diluted because the issue of New Shares will increase the total number of Shares on issue.

5.8. Entitlement and Acceptance Form is binding

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Receipt of payment of Application Monies whether by cheque and a completed and lodged Entitlement and Acceptance Form or BPAY[®] constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Booklet and an acknowledgement by you that you have received and read this Offer Booklet; you have acted in accordance with the terms of the Entitlement Offer detailed in this Offer Booklet; and that you agree to all of the terms and conditions as detailed in this Offer Booklet. The Entitlement and Acceptance Form once lodged cannot be withdrawn. The Entitlement and Acceptance Form does not need to be signed to be binding. If the Entitlement and Acceptance Form is not completed correctly, Terramin in its absolute discretion can reject it or treat it as valid. Terramin's decision as to whether to accept or reject an Entitlement and Acceptance Form or how to interpret an incorrectly completed Entitlement and Acceptance Form is final.

If your Entitlement and Acceptance Form and your Application Monies in cleared funds are received by 5.00pm AEDST on the Closing Date of 20 December 2012, New Shares are expected to commence trading on ASX on 2 January 2013.

Entitlement and Acceptance Forms (and payments of Application Monies) must be sent to the Share Registry and will not be accepted at Terramin's registered or corporate offices.

Note that if you have more than one holding of Existing Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. A separate Entitlement and Acceptance Form and payment of Application Monies must be completed for each separate Entitlement you hold.

5.9. No offer in the United States

The Entitlement Offer is not being made in the United States or to, or for the account or benefit of, persons in the United States. Accordingly, Eligible Shareholders (including nominees) who hold Shares for the account or benefit of persons in the United States cannot take up their Entitlements or subscribe for New Shares for the account or benefit of such persons, and may not send to such persons this Offer Booklet or any other documents relating to the Entitlement Offer.

If you purchase New Shares under the Entitlement Offer, you will be deemed to have represented, warranted and agreed that:

Renounceable entitlement offer

- neither the Entitlements nor the New Shares have been, nor will be, registered under the US Securities Act, any US state or other securities laws or under the laws of any other jurisdiction outside Australia or New Zealand;
- you are an Eligible Shareholder, are not in the United States nor acting for the account or benefit of a person in the United States, and are not otherwise a person to whom it would be illegal to make an offer or issue of New Shares under the Entitlement Offer; and
- you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand.

5.10. Representations by acquirers of Entitlements and restrictions on taking up Entitlements acquired

To take up Entitlements, investors who acquire Entitlements on ASX or otherwise will be required to complete an Appendix E Entitlement Acceptance Form (in the form to be released by Terramin to ASX) and return it to the Share Registry by no later than 5:00pm AEDST on 13 December 2012, together with a cheque for Application Monies in relation to the transferred Entitlements.

Investors should note that if you purchase Entitlements in a transaction on ASX or otherwise, in order to take up those Entitlements and subscribe for New Shares, you must:

- be a resident in Australia or New Zealand; and
- not be in the United States or acting on behalf of a person in the United States.

You will be required to make certain representations, warranties and agreements in the Appendix Entitlement Acceptance Form. If you do not satisfy the above conditions, you will not be entitled to take up Entitlements or subscribe for new Shares.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements and will receive no value for them.

6. Key Risks

6.1. Risk Factors

Terramin and its operations are exposed to risks which have the potential to impact on the health, safety or welfare of the Company's stakeholders, the environment, the Company's security and reputation, or its regulatory, operational or financial performance.

Careful consideration should be given to the risk factors identified below, as well as the other information contained in this Offer Booklet, the Market Update, the Company's prior publications and announcements and the Eligible Shareholder's own knowledge and enquiries, before an investment decision is made. Some risks can be managed and mitigated by the Company using safeguards and appropriate systems and taking certain actions, however the Company is also exposed to inherent risks which are beyond the Company's immediate control and not capable of mitigation. There are also general risks associated with any investment in shares.

Potential investors should also have regard to the Company's prior publications and announcements. Shares carry no guarantee of payment of dividends, profitability, returns, or trading price. Eligible Shareholders should therefore obtain professional advice prior to determining whether to participate in the Entitlement Offer.

Risk management is an integral part of Terramin's operational and corporate activities through the Board and the Company's risk management framework which provides a Company-wide approach to identifying, assessing, treating and reviewing risks.

Notwithstanding Terramin's efforts to manage risk, the factors identified below, and others which may not have been specifically referred to, have the potential to disrupt operations or materially influence the financial performance of the Company and the future value of its Shares.

The risks listed should not be taken as exhaustive of the risks faced by Terramin. Factors other than those listed may in the future materially affect the financial performance of Terramin and the value of the New Shares offered under the Offer Booklet. Eligible Shareholders should read this Offer Booklet and the Market Update in their entirety and consult their professional advisers before deciding whether to accept the Entitlement Offer for New Shares.

The following risks have been identified by the Company and are brought to the attention of Eligible Shareholders, in no specific order of importance.

6.2. Strategic Plan and Project Pipeline

During 2012, Terramin has conducted a corporate strategic review with the aim to unlock shareholder value from its projects in Algeria and Australia.

The Company has engaged with its joint venture (**JV**) partners over the Tala Hamza project in Algeria in particular in relation to the conclusions and recommendations contained in the Definitive Feasibility Study (**DFS**) completed in relation to the project in

September 2010. The project remains subject to significant political and technical uncertainty. Activities are underway to progress the project to a satisfactory outcome, including political lobbying and developing a work plan to address the concerns raised by the Company's JV partners as a result of the review of the DFS. However, there are no guarantees about the timeframe required to realise the value of the project, or the likelihood thereof.

The mine life of the Angas Zinc Mine has received considerable management focus over recent months. Despite strong operational performance, prevailing market prices have had a major effect on the economic life of the Angas Zinc Mine. As a result, cut-off grades and Resources and Ore Reserve estimates have been revised due to the impact of lower forecast commodity prices. Although the Company continues to focus on optimising the mine and ensuring positive cash flows from operations to mitigate the challenging market conditions, there remains ongoing risk in relation to the future economic viability of the Angas Zinc Mine. Further, Terramin has been optimising its mine plan and its life of mine model. There is no certainty that the Company will be able to develop and carry out this plan successfully.

Activities on Terramin's exploration prospects have been postponed as part of the strategic review process and in order to conserve the Company's cash position. The Company expects to resume its exploration activities as presented in the Market Update dated 23 November 2012 and annexed to this Offer Booklet. Ultimately, the Company's long term success is dependent on its ability to replace reserves through successful exploration and project pipeline planning. There is a risk that the Company will not identify sufficient resources, or that the resources cannot be converted into economic mineral reserves. The Board and management continue to review projects to identify suitable opportunities for replacement reserves or to diversify the Company's portfolio of assets.

Despite the aims of the strategic review, there are no guarantees that the outcomes will result in any positive impact on the Company's Share price.

6.3. Funding Risk

As noted in the ASX Announcement and Market Update annexed to this Offer Booklet, the Company plans to use the net funds raised under the Entitlement Offer and the Placement to repay debt, pursue exploration at the Angas Zinc Mine and on its Fleurieu tenements, advance the Tala Hamza project and for other general working capital requirements. As noted in Section 3.1 above, subject to a number of market and operational conditions (including but not limited to AUD realised metal prices, the Company's Angas Zinc Mine performance, exploration results and progress with the Tala Hamza project) the Company may need to seek additional funds in the first quarter of 2013 to satisfy its obligations to its financiers and carry out its strategic plan.

If the Company requires access to further funding at any stage in the future, the Company may be adversely affected in a material way if, for any reason, access to capital or debt is not available at all or on commercially acceptable terms. There can be no assurance that such additional funds will be available.

If additional funds are raised by issuing equity, this might result in the dilution of the shareholdings of existing Shareholders at that time. The pricing of future share issues

will depend upon the results of the Company's activities, market factors, investor demand for shares and the need for either debt funding or equity capital raisings.

6.4. Economic Conditions Risk

Domestic and global economic conditions may affect Terramin's performance. A number of factors such as foreign exchange rates (in particular USD/AUD), the availability of finance, prices, availability of essential supplies (such as oil, power, water and reagents) inflation and interest rates may delay the Company's operations and impact operating costs and may adversely affect the prospects of the Company. These factors are not within Terramin's direct control and could materially affect the Company's future revenue and Share price.

6.5. Commodity Prices Risk

The profitability of Terramin is highly dependent on the price it receives for its commodities. Metals prices are volatile and cyclical in nature. The prevailing AUD commodity prices (including for zinc, lead, gold, silver and copper) have adversely affected the margin achieved by the Company on concentrate sales during the first half of 2012. A decline or lack of improvement in base metals prices could materially impact the Company's financial status and revenues and the economic life of the Angas Zinc Mine.

6.6. Foreign Exchange Risk and Hedging

Terramin's revenue is received in USD, whilst the majority of costs are incurred in AUD. Accordingly, the appreciation of the AUD has resulted in lower realised AUD commodity prices, which have resulted in the Company achieving lower income than may otherwise have been the case. Future movements in the USD/AUD exchange rate may continue to impact on Terramin's income.

The Company may from time to time use commodity and currency hedges and forward sales to protect against foreign exchange and price risk. If at the time of sale of the Company's products the market prices for the underlying commodities are higher than the price at which the hedges have been entered into, the Company will not be able to realise the higher prices it would have received had it not entered into such hedging arrangements.

Terramin's hedging strategy is primarily focused on protection of near term cash flows (3-6 months) via AUD commodity hedging or fixed rate agreements. Terramin has a commitment under its debt facility with Investec to maintain a minimum level of zinc and lead price protection (by way of implementing commodity hedging) equal to 45% of the next six months forecast metal shipments.

Despite Terramin's active focus, the effects of foreign exchange movements remain a risk to the certainty of the Company's cashflows.

6.7. Operational Risk

The Company's revenues currently depend on the success of the Angas Zinc Mine.

The Company is exposed to budget estimate risk. The Company estimates its future costs of production based on various assumptions, including input costs and volume and productivity rates. By their very nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. No assurance can be given that the cost estimates and the underlying assumptions, including targeted production rates, will be realised in practice, which may materially and adversely affect the Company's earnings and therefore viability.

The Company is also exposed to production risk. Actual future production may vary materially from targets and projection of future production for a number of reasons.

Mining is by nature a high risk activity and is dependent on a number of factors including mechanical and technical specifications, ground conditions, human resources, weather conditions, infrastructure issues, changes in the regulatory environment and supply chain difficulties. These factors are dealt with where possible through management and mine and maintenance planning, as well as through regular emergency and crisis response planning. All have the ability to disrupt or adversely impact operations which could result in a failure to meet forecast production targets, and a reduction in expected revenue.

Variable costs including diesel and power can influence the Company's net revenue. Changes or unpredictability of these costs can materially impact feasibility studies for projects and actual costs of current operations.

In addition, the Company utilises various specialist contractors in the conduct of its mining operations. Any material failure by any of these contractors to comply with its obligations under the operating agreement or any termination or significant breach of the operating agreement by a contractor (where Terramin is unable to find a satisfactory replacement contractor) could materially and adversely affect the Company's business, financial condition, result of operations and prospects.

6.8. Reliance on Key Personnel

The ongoing success of Terramin's operations is dependent on the core capabilities of its Board and senior management team.

There is a risk that skills shortages in the mining industry, combined with a shortened mine life at the Angas Zinc Mine, will prevent the Company from appointing or retaining the calibre of personnel required to successfully implement its strategic plans.

6.9. Occupational health and safety

In common with all industrial companies, Terramin faces the risk of work place injuries which may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions. Further, the production processes used in conducting Terramin's business can be dangerous. Terramin has in place a range of practices and policies which seek to provide a safe and healthy working environment for its employees, customers, visitors and community.

6.10. Reliance on key items of plant and equipment

Terramin relies on certain items of plant and equipment to undertake mining and mineral processing operations. The level of plant and equipment productivity, availability, obsolescence, the effectiveness of plant and equipment maintenance, new plant and equipment performance and unexpected mechanical failure or breakdown may affect performance and profitability.

6.11. Reserves and Resources Estimation Risks

Reserve and Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valued when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available in relation to the Company's projects through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations in mining development plans which may in turn adversely affect the Company's operations.

6.12. Title Risk

Terramin's operations and exploration activities are contingent on interpreting and complying with the requirements for obtaining and maintaining necessary licences and permits in Australia and Algeria. There are numerous formalities for obtaining such licences, many of which are beyond Terramin's direct control. Once obtained, there is no guarantee that Terramin can enforce all its presumed rights under such permits and licences.

Three tenements in South Australia are in the process of being renewed or are due for renewal in the next 12 months (being Currency Creek – EL 3642, Hartley – EL 3792 and Langhorne Creek – EL 4466). The Company anticipates that these tenements will be renewed in the ordinary course.

New legislation, amendments to existing legislation, changes to administrative or regulatory practices by governments or regulators, or developments or changes in the interpretation of civil or common law in any of the legal jurisdictions in which Terramin operates, could impact on the assets, operations and/or financial performance of the Company, and therefore on the Share price.

Western Mediterranean Zinc (**WMZ**), the JV vehicle operating the Tala Hamza project, has applied for an extension of the Oued Amizour exploration licence. The application for renewal of the Oued Amizour exploration licence continues to be assessed by the Algerian regulator. WMZ has satisfied all legal requirements for a renewal to be granted and on this basis has reasonable grounds to expect the exploration permit to be renewed. However, the renewal of the Oued Amizour exploration licence is dependent on a satisfactory resolution of the differences of opinion between the Company and its JV partner in respect of the conclusions of the definitive feasibility study. Accordingly, the Company cannot guarantee that a satisfactory outcome will be reached. An inability to obtain a renewal for the Oued Amizour exploration licence would impede WMZ's ability to pursue further exploration work in future.

In order to proceed to development of a mine for the Tala Hamza project, WMZ require a mining permit to be issued by the Algerian government. Such permit will not be issued

until WMZ makes a decision to mine based on the DFS. Such decision continues to be delayed by ongoing negotiations between Terramin and its Algerian JV partners. This decision to mine is contingent on the satisfactory resolution of the differences between the Company and its Algerian joint venture partner.

6.13. Counterparties

Terramin could suffer financial loss if an offtake partner or a counterparty to a financial instrument fails to meet its contractual obligations. The risk of default increases during periods of volatile metal prices, but is dependent on the counterparty's financial standing.

6.14. Litigation

The Company is not currently aware of any claims or potential claims in relation to it; however the Company has exposure to litigation by third parties such as contractors, regulators, partners or employees that could negatively impact on its operations and revenues, if any legal claims were raised and were to be successful.

6.15. Native title, Aboriginal heritage and indigenous claim risks

The *Native Title Act 1993* (Cth) (**Native Title Act**) recognises native title and establishes processes relating to the grant of certain interests in land (including mining tenements). Indigenous Australians have registered native title claims and native title determinations which overlap with mining tenements in which Terramin has an interest. Registered native title claimants may be entitled to participate in the Native Title Act procedures in respect of the grant of any pending tenement applications or any future mining tenements should they be required. This process may cause delays in the grant of the current tenement applications or any future tenements, or tenements may be granted subject to conditions that are unfavourable to Terramin. Additionally, Terramin's ability to gain access to those tenements may be adversely affected.

In addition, there may be registered Aboriginal heritage sites on the areas of land covered by some of the tenements in which Terramin has an interest and further Aboriginal sites may be discovered in areas material to Terramin's development and operation. The presence of sites of indigenous heritage significance on tenements in which Terramin has an interest may limit or preclude mining or construction activity within the sphere of influence of those sites, and delays and expenses may be experienced in obtaining clearances and approvals. Failure to resolve issues associated with sites of indigenous heritage significance could result in delays in the development of Terramin's projects and could have a material adverse effect on the business, results of operations, financial position and prospects of Terramin.

As at the date of this Offer Booklet, Terramin is not aware of any native title rights or Aboriginal heritage rights which it expects to materially or adversely impact on its projects. However, no guarantee can be provided that such native title claims or Aboriginal heritage rights will not be raised in the future.

6.16. Environmental liabilities

Mining is an inherently risky activity and has the potential to cause environmental hazards if not managed appropriately. Strong environmental performance, including

formal compliance with all regulatory requirements, is an integral component of an efficient and sustainable business. Terramin is committed to meeting all applicable laws and regulatory requirements, and has strict environmental management and monitoring systems in place to ensure it can meet its obligations. Notwithstanding this, unforeseen environmental liabilities may arise and could result in costly actions to remedy damage and rehabilitate.

Water management continues to be a primary focus for Terramin's Angas Zinc Mine to ensure compliance with the environmental directive issued to the Company in 2011 by the Department for Manufacturing, Innovation, Trade, Resources and Energy (**DMITRE**) requiring that the water level in the Mine Tailings Storage Facility (**TSF**) be below the 68RL level in December 2012. In accordance with this environmental direction the Company is implementing a TSF Water Reduction Plan agreed with DMITRE. However, there is a risk that unforeseen rain events or unexpected technical issues may prevent the Company from reaching its target. In the event that the Company is not able to comply with the environmental direction the Company may be exposed to financial penalties under the Mining Act.

6.17. Changes to government policy, taxation laws and regulatory conditions

Governmental action (both in Algeria and in Australia), including delay, inaction, policy change or the introduction of new, or amendments to or changes in interpretation of existing, legislation or regulations, particularly in relation to mining laws, foreign ownership of Algerian assets, access to infrastructure, environmental regulation (including in respect of carbon emissions and management), land access arrangements, water rights, royalties and production and licensing may adversely affect Terramin's future operations and financial performance.

Similarly, changes to tax and royalty legislation imposed by Federal, State, Territorial and foreign governments, and the interpretation of those laws may affect the future earnings or asset values of, or increase the amount of tax paid by Terramin or affect the treatment of tax losses that may have been, or may be, accumulated. These changes may influence both profit and loss for accounting purposes and the total tax payable.

Terramin is subject to relevant environmental laws and regulations in connection with its operations. There is a risk that such laws and regulations may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for Terramin and its directors and employees and more stringent enforcement of existing laws and regulations.

There is equally a risk represented by the uncertainty of mining laws and policies in Algeria, which could prevent Terramin, or WMZ from realising the potential of the Tala Hamza project.

6.18. Security Risk

There are political and safety risks in operating a project in Algeria. Whilst Algeria as a country has not been affected by recent social and political unrest in Arab countries, there are still risks of social unrest due to the economic and social conditions in the country. In addition, there is the potential for acts of terrorism to be perpetrated in that country. These acts may affect the Company's ability to pursue its project in Algeria.

6.19. Insurance

Terramin has taken out insurance against many of the risks highlighted in this Offer Booklet, in accordance with industry standard practice. However, insurance levels may not be adequate to cover all losses or liabilities arising from the risks identified in this Offer Booklet. In the event that Terramin is not covered for loss or liability, significant financial costs could be incurred that could materially impact on the Company and its Share price.

6.20. Share market risks

The price of Shares quoted for trading on the ASX is impacted by various international and domestic factors. As the Company is listed on ASX, its Share price is subject to these numerous influences that may reflect both the trends in the share market and the share prices of individual companies.

7. Additional Information

7.1. Expenses of the Entitlement Offer

Subject to certain limitations under the Underwriting Agreement, all expenses connected with the Entitlement Offer are being borne by Terramin. Total expenses (including underwriting fee) of the Entitlement Offer are estimated to be in the order of \$650,000.

7.2. Underwriting

The material terms of the Underwriting Agreement are set out below.

Underwriting

The Underwriter conditionally agrees to underwrite the Entitlement Offer of approximately 486,984,133 New Shares at \$0.02 offered to Eligible Shareholders under this Offer Booklet. The underwriting is conditional upon, among other things, Terramin and Investec agreeing to amend the Company's current financing facilities and the delivery by the Company of relevant certifications immediately prior to the issue of any New Shares under the Entitlement Offer.

The Underwriter must enter into such sub-underwriting arrangements as may be necessary to ensure that the Underwriter does not acquire a relevant interest in more than 49.9% of Terramin's issued Shares once the Entitlement Offer is completed. Notwithstanding this obligation, if the Underwriter fails to enter into such sub-underwriting arrangements, but subject always to the terms of the underwriting agreement, the Underwriter must underwrite the Entitlement Offer in full.

The Underwriter has entered into a sub-underwriting agreement with Tronic (a Hong Kong based entity, which is not related to the Underwriter or Terramin) pursuant to which the sub-underwriter has agreed to underwrite up to 25% of the Shortfall under the Entitlement Offer (being 92,792,376 New Shares with a value of \$1,855,847.52).

In addition, the Underwriting Agreement contemplates the use of the Placement Facility by the Company for the purpose of ensuring that the Underwriter's relevant interest in the Company's Shares does not exceed 49.9% of the Company's issued capital.

Underwriting Fee

The Underwriter will receive an underwriting fee of 5% of the total amount to be raised under the Entitlement Offer or approximately \$486,984.

The Underwriter is responsible for the payment of any fees or other costs and expenses to any sub-underwriter pursuant to the terms of a sub-underwriting arrangement.

Representations, Warranties and Indemnities

Terramin has given certain customary representations and warranties to the Underwriter regarding the position of Terramin, the Offer Booklet and the Entitlement Offer. Terramin provides standard indemnities in favour of the Underwriter and its affiliates and their officers, agents, advisers, representatives and employees (**Indemnified Person**)

Renounceable entitlement offer

against claims, actions, damages, losses, liabilities, costs, and expenses that any of the Indemnified Parties suffers or incur in respect of:

- any breach of the Underwriting Agreement by Terramin (including any of the representations and warranties made by Terramin under the Underwriting Agreement being untrue or incorrect);
- the making of the Entitlement Offer and the distribution of the Offer Booklet and any other documents issued by Terramin in relation to the Entitlement Offer;
- any advertising or publicity of the Entitlement Offer issued with the knowledge or consent of Terramin;
- actions taken by the Company in respect of the Placement Facility, including the offer and issue of New Shares under the Placement Facility to new investors; and
- any investigation, enquiry or legal proceedings initiated by ASIC or any other governmental or regulatory body in connection with the Entitlement Offer.

The indemnity noted above does not apply to the extent such loss is found in a final judgment by a court to:

- have resulted primarily from any wilful misconduct, fraud, recklessness or negligence of an Indemnified Person; or
- constitute a penalty or fine which an Indemnified Person is required to pay for any contravention of the Corporations Act for which it cannot be indemnified at law,

except to the extent that such loss is caused or contributed to by Terramin, its related bodies corporate or any of their respective directors, officers, employees, advisers, representatives or agents.

Termination

The Underwriting Agreement contains a number of standard termination provisions allowing the Underwriter to terminate its obligations under the Underwriting, including where:

- (*) Terramin breaches the Underwriting Agreement or any of the representations and warranties made or given by Terramin under the Underwriting Agreement are untrue or incorrect when made or taken to be made;
- the S&P ASX 200 Index as published by ASX falls to a level that is 10% or more below its level at the close of business on the business day prior to the date of the Underwriting Agreement and remains at or below that level for a period of 5 consecutive business days;
- Terramin is unable or unlikely to be able to issue the New Shares under the Entitlement Offer;
- Terramin alters its capital structure or constitution without the prior consent of the Underwriter;

Renounceable entitlement offer

- the Offer Booklet and supporting information or any aspect of the Entitlement Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- other than a change of control arising out, or as a result, of the Entitlement Offer, there is a change of control in Terramin which is capable of triggering a change of control provision in any material contract to which Terramin is a party;
- Terramin becomes required to give or gives a supplementary or updated material correcting the Offer Booklet, other than where such disclosure is required to satisfy Terramin's obligations under ASX Listing Rule 3.1;
- Terramin becomes required to give or gives a correcting notice under subsection 708AA(10) of the Corporations Act;
- there is an outbreak of hostilities (whether or not war has been declared) after the date of this document involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- ASIC issues, or threatens to issue, proceedings or commences any inquiry or investigation in relation to the Entitlement Offer;
- the ASX makes any official statement to any person, or indicates to Terramin, or the Underwriter (whether or not by way of an official statement) that Terramin will be removed from the official list or that quotation of all of the New Shares will not be granted by the ASX or such approval has not been given before the date for quotation of the New Shares as set out in the Timetable, or such suspension from quotation occurs;
- any regulatory body commences any public action against Terramin or an officer of Terramin in his or her capacity as an officer of Terramin or announces that it intends to take any such action or an officer of Terramin is charged with an indictable offence or is disqualified from managing a corporation under the Corporations Act; or
- the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Part 6.10 of the Corporations Act.

In relation to those termination events marked with an (*), the Underwriter may not terminate the Underwriting Agreement unless it has reasonable and bona fide grounds to believe and does believe that the event:

- could give rise to a material liability of the Underwriter under any law or regulation;
- has or may have a material adverse effect on the marketing, settlement or outcome of the Entitlement Offer or the likely trading price of the Shares including where the event makes it impracticable to enforce contracts for the issue of the New Shares; or

Renounceable entitlement offer

- has resulted in or may result in a material change in the financial position, performance or prospects of the Terramin group from that which existed at the date of the Underwriting Agreement, other than as disclosed to ASX prior to the date of the Underwriting Agreement.

7.3. Capital structure

The following table shows the proposed capital structure of Terramin on completion of the Entitlement Offer.

Shares	Number
Existing Shares on issue at the date of the announcement of the Entitlement Offer and Placement	216,897,206
New Shares issued under the Placement	15,000,000
Maximum number of New Shares that may be issued under the Entitlement Offer	486,984,133 (approximately)
Maximum number of Shares on issue after the Entitlement Offer and Placement	718,881,339 (approximately)

7.4. Litigation

So far as the Directors of Terramin are aware, there are no legal or arbitration proceedings, active or threatened against, or being brought by, Terramin which may have a material effect on Terramin's financial position.

7.5. Withdrawal of Entitlement Offer

The Directors reserve their right to withdraw all of the Entitlement Offer at any time prior to the issue of New Shares, in which case Terramin will refund Application Monies in accordance with the Corporations Act without payment of interest.

7.6. Reliance on Offer Booklet

This Offer Booklet has been prepared pursuant to the requirements of section 708AA of the Corporations Act, as modified by ASIC Class Order 08/35. In general terms, section 708AA relates to entitlement issues by certain companies that do not require the provision of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Booklet is considerably less than the level of disclosure required in a prospectus. In deciding whether or not to accept the Entitlement Offer, you should rely on your own knowledge of Terramin, and refer to disclosures made by Terramin to ASX and ASIC (which are available for inspection on the ASX website at www.asx.com.au) and seek the advice of your professional adviser. Terramin is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Terramin is subject to the disclosure obligations under the Listing Rules and the Corporations Act, including the preparation of annual reports and half yearly reports.

If you have any questions about your entitlement to New Shares, please contact either:

Renounceable entitlement offer

- the Terramin Shareholder Information Line on 1300 556 161 (local call cost within Australia) or +61 3 9145 4000 (from outside Australia) between 8.30am and 5.30pm (AEDST) Monday to Friday during the period in which the Entitlement Offer is open; or
- your stockbroker or professional adviser.

7.7. Overseas jurisdictions

This Offer Booklet has been prepared to comply with the requirements of securities laws in Australia and New Zealand.

This Offer Booklet does not, and is not intended to, constitute an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. By applying for New Shares, including by submitting the Entitlement and Acceptance Form or making a payment by BPAY[®] you represent and warrant that there has been no breach of such laws.

The distribution of this Offer Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Terramin disclaims all liabilities to such persons.

Eligible Shareholders who hold Shares on behalf of persons who are not resident in Australia or New Zealand are responsible for ensuring that taking up New Shares under the Entitlement Offer does not breach the selling restrictions set out in this Offer Booklet or otherwise violate the securities laws in the relevant overseas jurisdictions. Terramin is not required to determine whether or not any Eligible Shareholder is acting as a nominee or the identity or residence of any beneficial owners of securities. Where any Eligible Shareholder is acting as a nominee for a foreign person that Eligible Shareholder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

No action has been taken to register or qualify this Offer Booklet, the New Shares or the Entitlement Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia and New Zealand.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Offer Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Offer Booklet is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Renounceable entitlement offer

United States

This Offer Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Booklet nor the Entitlement and Acceptance Form may be distributed in the United States.

The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements in the Entitlement Offer may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of, persons in the United States. The New Shares may not be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States.

7.8. Not investment advice

The information provided in this Offer Booklet and the accompanying Entitlement and Acceptance Form is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The information contained in this Offer Booklet and the accompanying Entitlement and Acceptance Form should not be considered to be comprehensive or to comprise all the information which a shareholder may require in order to determine whether or not to subscribe for New Shares. If you have any questions, you should consult your stockbroker, accountant, solicitor or other independent professional adviser before making your investment decision.

7.9. Consents

None of the parties referred to in the Corporate Directory of this Offer Booklet (other than Terramin) has made or authorised the making of any statement that is included in this Offer Booklet or any statement on which a statement in this Offer Booklet is based.

To the maximum extent permitted by law each of these parties expressly disclaims and takes no responsibility for any statements in or omissions from this Offer Booklet other than reference to its name or a statement or report included in this Offer Booklet with the consent of that party as specified above.

7.10. Governing Law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of applications are governed by the laws of South Australia, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of South Australia, Australia.

8. Glossary

A\$, AUD or Dollars	means dollars in Australian currency (unless otherwise stated).
ABN	means Australian Business Number.
ACN	means Australian Company Number.
Additional Shares	means those New Shares which Eligible Shareholders apply for in excess of their Entitlement
AEDST	means Australian Eastern Daylight Saving Time.
Application Monies	means the aggregate amount of money payable for New Shares applied for, calculated by multiplying A\$0.02 by the number of New Shares applied for.
ASIC	means the Australian Securities and Investments Commission.
Asipac	means Asipac Capital Pty Ltd ACN 007 268 386
Asipac Group	means Asipac Group Pty Ltd ACN 110 090 367
ASTC	means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.
ASX	means the Australian Securities Exchange or ASX Limited ACN 008 624 691, as the context requires.
ASX Listing Rules	means the official listing rules of ASX, as amended or replaced from time to time.
Board	means the board of Directors of Terramin.
CHESS	means Clearing House Electronic Sub-register System of ASTC.
Closing Date	means 5:00 pm AEDST time on Wednesday 20 December 2012 or such other date as may be determined by the Directors.
Corporations Act	means the Corporations Act 2001 (Cth), as amended or replaced from time to time.
Directors	means the directors of Terramin.
Eligible Shareholder	means a Shareholder who is a registered holder of Shares at 7:00pm AEDST time on the Record Date who: <ul style="list-style-type: none"> (a) has a registered address in Australia or New Zealand; (b) is not in the United States and is not acting for the account or benefit of a person in the United States; and (c) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer.
Entitlements	means the renounceable entitlement to subscribe for New Shares on the basis of 2.1 New Shares for every 1 Share held on the Record Date.
Entitlement and Acceptance Form	means the form accompanying this Offer Booklet which sets out the entitlements of Eligible Shareholders under the Entitlement Offer.
Entitlement Offer	means the offer of approximately 486,984,133 New Shares to Eligible

Renounceable entitlement offer

	Shareholders in the proportion 2.1 New Shares for every 1 Share held at the Record Date.
Excluded Shareholder	means a Shareholder who is a registered holder of Shares at 7:00pm AEDST Time on the Record Date who: <ul style="list-style-type: none"> (a) has a registered address outside Australia and New Zealand; (b) to whom ASX Listing Rule 7.7.1(a) applies; and (c) who in the absence of ASX Listing Rule 7.7.1(a) would have been an Eligible Shareholder.
Issue Price	means A\$0.02 per New Share.
Listing Rules	means the official listing rules of ASX, as amended from time to time.
New Share	means a new fully paid ordinary share in the capital of Terramin to be issued pursuant to this Entitlement Offer and the Placement.
Record Date	means 7.00pm AEDST Monday 3 December 2012 or such other date as may be determined by the Directors.
Offer Booklet	means this Offer Booklet dated 23 November 2012 and includes any amendment or replacement summary document.
Placement	means the placement of 15,000,000 New Shares to the Underwriter as described in Section 4.2.
Placement Facility	means the facility under which the Company may place New Shares not applied for by Eligible Shareholders to new investors at an issue price of \$0.02 per New Share.
Share	means a fully paid ordinary share in the capital of Terramin.
Shareholder	means a holder of Shares in Terramin.
Share Registry	means Computershare Investor Services Pty Limited ACN 078 279 277.
Shortfall	means the number of New Shares in respect of which valid Entitlement and Acceptance Forms and Application Monies have not been received from Eligible Shareholders by the Closing Date.
Terramin or Company	means Terramin Australia Limited ACN 062 576 238
Tronic	means Tronic Enterprise Development Limited (HK Company No. 1783691)
Underwriter	means Asipac and Wanshe
Underwriting Agreement	means the Underwriting Agreement dated 22 November 2012 between Terramin and the Underwriter.
Underwritten Amount	means A\$9,739,683 less the aggregate Entitlement Offer price for the Shares for which Asipac is required to subscribe in its capacity as Nominee
US Securities Act	means the United States Securities Act of 1933, as amended.
US\$ or USD	means dollars in the currency of the United States of America (unless otherwise stated).
Wanshe	means Wanshe Holdings Pty Ltd ACN 157 712 162

9. Corporate Directory

Board of Directors

Michael Kennedy (Non-Executive Chairman)
Nic Clift (Managing Director & Chief Executive Officer)
Peter Zachert (Non-Executive Director)
Xie Yaheng (Non-Executive Director)

Registered Office in Australia

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Australia
Phone: +61 8 8213 1415
Facsimile: +61 8 8213 1416
Website: www.terramin.com.au
ASX code: TZN

Auditors

KPMG
KPMG House
151 Pirie Street
Adelaide SA 5000
Australia

Share Registry

Computershare Investor Services Pty Limited
Level 5
115 Grenfell Street
Adelaide SA 5000
Australia

Legal Adviser

Kelly & Co. Lawyers
Level 21
91 King William Street
Adelaide SA 5000
Australia

Underwriter

Asipac Capital Pty Ltd and
Wanshe Holdings Pty Ltd
Level 10, 342 Flinders Street
Melbourne VIC 3000
Australia
Phone: +61 3 9009 8888

Renounceable entitlement offer

10. ASX Announcements

ASX Entitlement Offer Announcement and Market Update dated 23 November 2012



ASX Shareholder Report

23 November 2012

Enquiries on this Report
or the Company
may be directed to:

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Chief Executive Officer
+61 8 8123 1415

Mark Gell
+61 419 440 533

Website Address:
www.terramin.com.au

Terramin is a dedicated
base metals company
focused on developing
zinc mines close to
infrastructure.

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Terramin Announces Financial Restructure including \$10 Million Capital Raising

Highlights

- **Initial placement of \$0.3 Million**
- **Fully underwritten renounceable 2.1 for 1 entitlement offer at \$0.02 per share to raise \$9.7 Million (“Entitlement Offer”)**
- **New cornerstone investor, the Asipac group of companies:**
 - **participating in the placement;**
 - **underwriting the Entitlement Offer; and**
 - **acquiring US\$15,050,000 in existing convertible notes from JP Morgan Ventures Energy Corporation (“JP Morgan Notes”), subject, amongst other things, to completion of the Entitlement Offer**
- **Extension of the maturity date of the JP Morgan Notes to 31 May 2014 (subject to conditions)**
- **Continued support from the Company’s financiers through restructure of facility repayment in parallel with capital raising**
- **New exploration program announced for Angas Zinc Mine and Fleurieu pipeline prospect**
- **Operational initiatives successfully implemented at Angas Zinc Mine deliver best quarter in the history of the mine**



Terramin Australia Limited Managing Director, Nic Clift, today announced a key financial restructure of the Company headlined by a placement to Wanshe Holdings Pty Ltd (**Wanshe**) and a fully underwritten 2.1 for 1 Entitlement Offer at \$0.02 per new share, fully underwritten by Asipac Capital Pty Ltd (**Asipac**) and Wanshe (a company associated with Asipac) to raise \$10 million in aggregate.

Nic Clift said: “Since the second half of 2011, the Terramin Board has been exploring and reviewing all strategic options available to the Company to strengthen its capital position and unlock shareholder value from the Company assets. Following this review, the Board resolved to proceed with the placement and Entitlement Offer.

“This capital raising initiative will provide the Company with adequate near-term funding to aggressively advance Company projects.

“In conjunction with the announcement of the capital raising, the Board confirms that it has discontinued the proposed sale of Terramin’s interest in the Tala Hamza project in Algeria to major shareholder China Non-Ferrous Metal Industry’s Foreign Engineering and Construction Co., Ltd (**NFC**).

“The capital raising provides the Company with a platform to strengthen its balance sheet and unlock shareholder value from Company projects. Together with the new Menninnie joint venture with Musgrave Minerals Ltd (announced on 2 October 2012), the Company expects to aggressively explore highly prospective targets and advance the Tala Hamza project with our partners in the near term”.

Commenting on the capital raising, Terramin’s Interim Chairman Mr Michael Kennedy said: “The Board welcomes the support of new cornerstone investor, the Asipac group of companies. The Entitlement Offer provides all eligible shareholders with an opportunity to participate in this capital raising while providing certainty of outcome through Asipac and Wanshe’s support as underwriter. We look forward to the on-going support and participation of shareholders”.

Details of \$10 Million Capital Raising

The capital raising will be conducted in two tranches at \$0.02 per share. It will include:

- an initial share placement of 15,000,000 ordinary shares (**Placement Shares**) to Wanshe to raise \$0.3 million; and
- a fully underwritten renounceable entitlement offer of 486,984,133 new ordinary shares (at a ratio of 2.1 new shares for each existing share held on the record date) (**Entitlement Offer Shares**) to raise \$9.7 million (before expenses) (**Entitlement Offer**).

The funds, net of the costs of the Entitlement Offer, will be used to:



- progress the Company's Tala Hamza project and advance South Australian exploration interests (approximately \$4.5 million);
- repay debt under the Corporate revolving facility with Investec Bank (Australia) Limited ("**Investec**") (\$3 million); and
- provide working capital for the Company (\$2 million).

The principal terms of the Entitlement Offer are as follows:

- An offer of 2.1 new fully paid ordinary shares for every 1 share held as at the record date (3 December 2012) by Terramin shareholders with a registered address in Australia or New Zealand.
- An issue price of \$0.02 per share, representing a 42% discount to the 30 day volume weighted average price of the Company's shares up to and including 22 November 2012 (being \$0.034 per share) and a 31% discount to the last closing price of the Company's shares on 22 November 2012 before announcement of the Entitlement Offer (being 0.029 per share).
- The offer is renounceable, allowing eligible shareholders to trade their entitlement on the ASX or otherwise transfer their entitlement from 27 November 2012 to 13 December 2012. Accordingly, eligible shareholders who do not wish to take up all or part of their entitlement can, subject to the existence of a market, sell their entitlements for value on the ASX or otherwise transfer their entitlement (or can seek to buy additional entitlements to increase the number of shares for which they are entitled to apply under the Entitlement Offer).
- A shortfall facility will be available allowing eligible shareholders to apply for additional shares in excess of their entitlement (additional shares will be allotted to the extent that there is a shortfall and subject to the terms of the Offer Document).
- The Entitlement Offer will be fully underwritten by Melbourne-based Asipac and Wanshe ("**Underwriter**") (together with Hong Kong-based investor Tronic Enterprise Development Ltd as sub-underwriter for up to 25% of the underwritten shares).

The Placement Shares and Entitlement Offer Shares will carry standard rights applicable to quoted ordinary shares in the Company and will, from the date of issue, rank equally with fully paid quoted ordinary shares currently on issue.

Pursuant to the provisions of the Corporations Act and the Listing Rules, the Company will not seek shareholder approval for the issue of the Placement Shares or the Entitlement Offer Shares, or the issue of shares to Asipac or Wanshe in their capacity as underwriter to the Entitlement Offer.

Given the high offer ratio of the Entitlement Offer, the Entitlement Offer may result in a significant change to Terramin's shareholding structure, including the dilution of the holding of



existing shareholders if they do not take up their entitlements in full. Details of the potential effect that the Entitlement Offer may have on the shareholdings in Terramin are set out in the Cleansing Notice and the Offer Booklet which will be released to the ASX today. The Offer Booklet will be sent to eligible shareholders in accordance with the timetable attached as an appendix to this announcement.

A summary of the key terms of the underwriting agreement are also set out in the Offer Booklet for the Entitlement Offer. The underwriting agreement is subject to certain termination events which are summarised in the Entitlement Offer Booklet.

Further information regarding the Entitlement Offer will be sent to shareholders in accordance with the timetable annexed to this announcement.

Restructure of Secured and Unsecured Debt

As noted in its recent quarterly report the Company has completed the restructure of the debt facility with the Company's financiers Investec. The restructure highlights Investec's ongoing support for the Company and its strategic objectives. The key points of the restructure include:

- repayment of A\$3m of principal upon the completion of the Entitlement Offer;
- deferral of a further A\$7m principal repayment to 28 February 2013; and
- bank fees associated with the restructure to be capitalised.

In addition, the Company announced today the restructure of approximately US\$15m of unsecured convertible notes as follows:

- As a part of the cornerstone investment in the Company by the Asipac group of companies, Asipac Group Pty Ltd (**Asipac Group**) has agreed to acquire the JP Morgan Notes (together with all associated rights) and shares representing approximately 4.9% of the Company's share capital currently held by JP Morgan Ventures Energy Corporation. The settlement of that transaction is subject to the completion of the Entitlement Offer.
- The Company is in discussion with an existing noteholder in relation to the extension of the maturity date of the September 2013 Notes currently due on 17 September 2013;
- Following negotiations between the Company and Asipac Group, the parties have agreed (subject to completion of the Entitlement Offer) to extend the maturity date of the JP Morgan Notes from 31 March 2013 to:
 - 31 May 2014 if an agreement is reached to extend the maturity date of the September 2013 Notes; or
 - If such agreement is not reached, immediately before the maturity date of the September 2013 Notes or such earlier date that the September 2013 Notes are converted or redeemed.



Commenting on these outcomes, Nic Clift said: “The Board is pleased with Investec’s continued support for the Company and welcomes Asipac Group as a significant unsecured lender. We are also pleased that there is an alignment between the interests of Asipac Group as note holder and the interest of shareholders generally, reflected in the agreement to extend the maturity date for the Convertible Notes by up to 14 months depending on the extension of the September 2013 Notes.”

Tala Hamza

In conjunction with the announcement of the Capital Raising, the Board has re-affirmed its commitment to the progression of the Tala Hamza Project in Algeria. As a result the Company has discontinued its discussion with NFC for the sale of Terramin’s interest in the Tala Hamza project.

In addition, the Company has recently received a revised offer from Dr. Kevin Moriarty, representing unknown entities, to purchase the Company’s interest in the Tala Hamza project for US\$50 million payable upon satisfaction of all regulatory approvals and after project financing has been secured. The board has considered Dr Moriarty’s proposal and has formed the view that this offer is not commercially acceptable as it would not assist the Company in raising the funds that it needs in the immediate term and would deprive the Company of any upside upon de-risking the project. The Board has rejected this offer.

The Company will pursue its efforts to find an agreement with its Algerian partner on the outcomes of the definitive feasibility study and on the most appropriate way to develop the Tala Hamza deposit.

Record Quarter at Angas Zinc Mine

As noted in the Company’s third quarter report 2012, the Angas Zinc Mine has achieved record earnings (before interest, tax, depreciation and amortisation) for the quarter. Angas posted new benchmarks for ore mined, zinc concentrate and lead concentrate. The record quarter of zinc concentrate production in the September quarter continues the upwards trend over 7 consecutive quarters. July concentrate production was the highest in the history of the mine for both zinc (5,762 tonnes) and lead (3,057 tonnes).

Forecast production targets announced to the market in January 2012 will be surpassed during the fourth quarter. September year-to-date production of both zinc and lead concentrates have surpassed full year production for 2011.

Despite the strong operational performance, prevailing market conditions have had a major effect on the economic life of the Angas Zinc Mine. In this challenging climate, the Company continues to focus on managing its cash position and ensuring positive cash flows from operations to mitigate the effect of prevailing low commodity prices and high Australian dollar.

To mitigate the impact of market conditions, management continues to assess and review the



economic cut-off grades of the mine to ensure positive cash flows.

Management is currently undertaking work to optimise current life of mine plans, and modelling should be completed in the coming weeks. Based on current metal prices and resulting cut-off grades, the Company expects that the Angas Zinc Mine would close in late 2013. However, if metal prices materially increase over coming months the mine life of Angas would be extended.

Angas Exploration Programme

Terramin Managing Director, Nic Clift, announced the commencement of the first stage of a new exploration programme at the Angas Zinc Mine on 16 November 2012, aimed at extending the existing mine life. The exploration programme follows a period of extensive modelling and detailed background work and will focus on previously untested near-mine targets.

Mr Clift said: "In conjunction with the recently announced Joint Venture with Musgrave Minerals Ltd on the Menninnie Exploration Project in the Gawler Craton, the commencement of a new exploration programme at Angas provides opportunity for the Company to extend its existing resource base and, importantly, target mine life extension at Angas".

Stage 1 of the exploration programme is expected to be completed during the last quarter of 2012. The initial exploration work will test the Rowe gravity target located approximately 400m East of the main lodes, within close proximity to the current mine workings (Refer Figure 1). Coincident geophysical anomalies from gravity and Induced Polarization (IP) surveys highlight the potential of this target (Refer Figures 1 and 3). The Rowe gravity feature has not been previously drill tested but drillhole AN021 that tested the smaller Eastern gravity feature to the south returned 4.8m@ 6.5% zinc, 4.7% lead and 103ppm silver from 211.6m. The second untested near-mine target to be evaluated under stage 1 is the Albyn target, located south of existing workings. The southern limits of the Garwood and Rankine lodes are terminated by a NNW sinistral shear zone and the Albyn position is considered a likely location for some of the offset mineralisation.

The Company anticipates commencement of the second stage of the exploration programme in the first quarter of 2013. Stage 2 will focus on deep drilling of the Milne target, located down dip of the Rankine Lode. There is minimal drill data directly beneath the known mineralisation of the Rankine lode below -500mRL. Three deep (800m-900m) holes will be required to test the potential of the mineralisation to return to economic grades and widths below the known extents of the existing orebody. The northern most hole of Stage 2 will be positioned to test both the southern extent of the Rowe gravity anomaly as well as the Milne target. Based on the results of these holes, the Company will review further geophysical work (i.e. downhole EM surveys), to test for additional targets in the vicinity of the Stage 2 drilling.

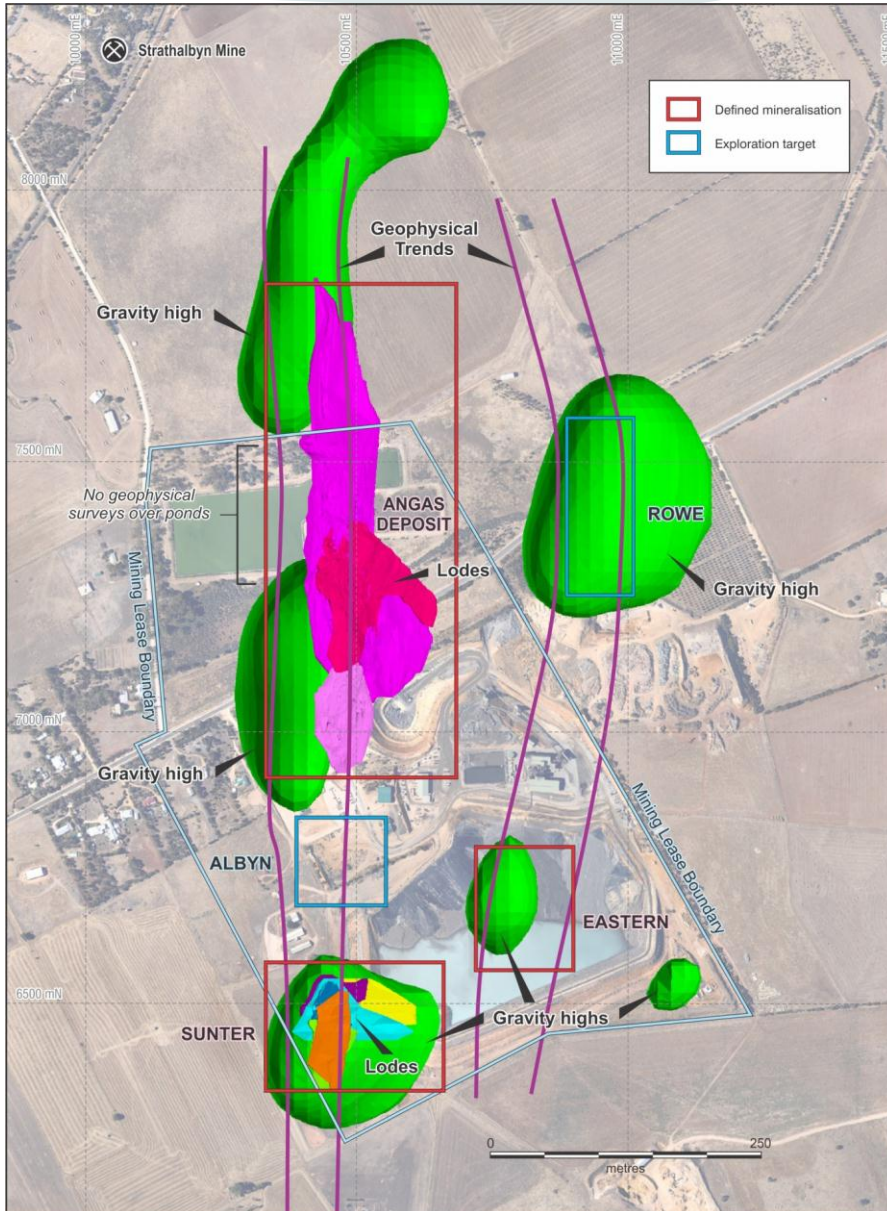


Figure 1: Plan showing the Angas and Sunter deposit outlines and the positions of the Albyn and Rowe exploration targets. The geophysical trends are defined by IP and gravity responses.

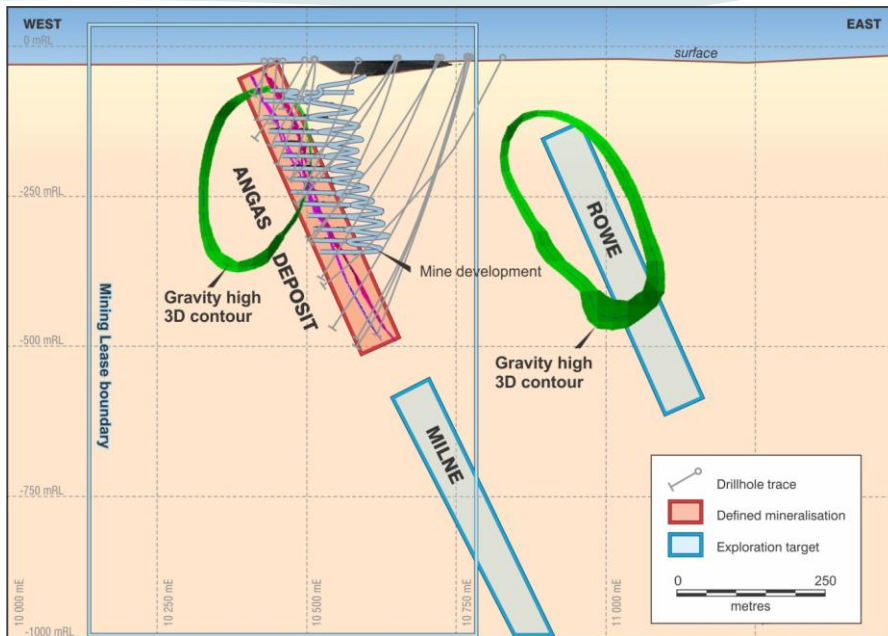


Figure 2: Cross section at 7250N looking north at the Angas deposit, Angas mine development and positions of the Rowe and Milne exploration targets.

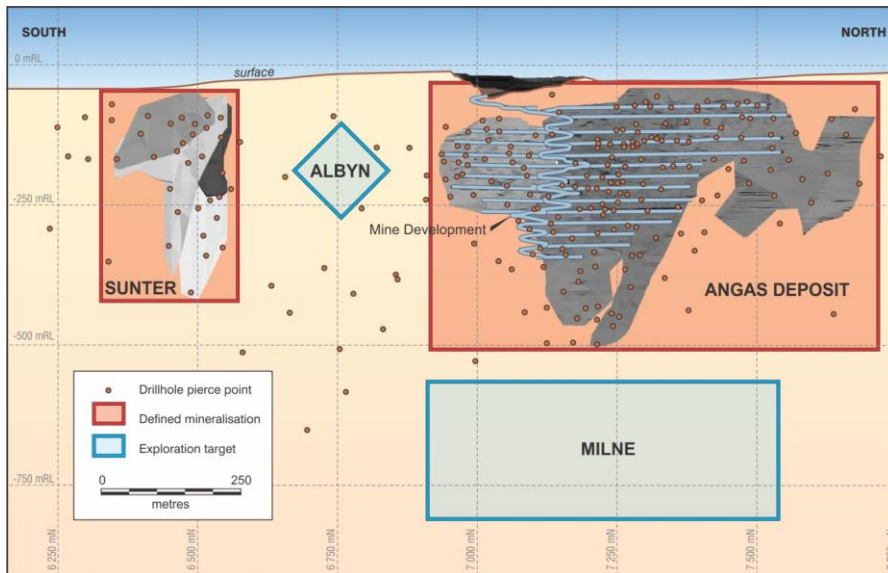


Figure 3: North-South long section through the Angas and Sunter deposits (grey) showing mine development and the Albyn and Milne exploration targets.



Fleurieu Exploration Programme

Terramin's Fleurieu Project (Refer Figure 4) consists of five contiguous Exploration Licences: Bremer (EL4936); Hartley (EL3792); Currency Creek (EL4210); and Langhorne Creek (EL4466) and Pfeiffer (ELA-2011/00288) – all highly prospective for gold and base metals. The Pfeiffer licence application has been granted recently by DMITRE. Together these tenements cover an area of 1,186km² centred on the Angas Mine Lease and stretching approximately 40km to the northeast and 40km to the southwest.

Throughout 2011 and 2012 significant work has been carried out on key parts of the Fleurieu Project area. This has included the prospect scale modelling and interpretation of Versatile Time Domain Electro-Magnetic (VTEM) geophysical survey data, followed by field checking and ranking of identified targets. Surface sampling over the VTEM anomalies that have no or little transported cover identified the Pipeline and Disher Hill prospects and refocused attention on the Freeway prospect (Refer Figure 5).

Pipeline is the most advanced of the three prospects ranked highly by the recent studies, with soil and rock chip sampling having defined a 1.2km long gold, bismuth and copper anomaly with a peak of 3.06g/t gold with 0.44% bismuth. The mineralisation occurs within and adjacent to a shear zone containing multiple generations of quartz. The majority of rock chips from outcropping parts of this zone returned values of +0.2g/t gold. Much of the shear zone lies beneath shallow cover and its geophysical signature suggests it may continue for a strike length of several km or more. An aircore drilling program is planned to test these covered areas. Pipeline was discovered in 2011 and announced in Q3 2011.

Disher Hill is a new copper gold prospect identified to the west of the Frahns and Pipeline prospects (Refer Figure 5). Best results returned from copper carbonate stained quartz vein float were 3.02% copper, 0.84g/t gold 0.12% bismuth and 6.4g/t silver. Disher Hill results were announced in Q4, 2011.

The Freeway prospect was identified by North Ltd (North) in 1995 from an aerial magnetic survey. Surface sampling of the prospect by North returned peak values of 9.6g/t gold and 0.34% copper but drilling of the linear magnetic high returned no significant results. The 2010 VTEM survey showed a linear conductive body 100 metres to the west of the magnetic high and sub-parallel to it. This coincides with the location North's mineralised samples. Fieldwork by Terramin has identified subcropping quartz veins and gossans that have returned +1g/t gold over 800 metres of strike. Additional soil sampling is underway to assist with planning of a shallow drilling program. Initial results were announced in Q4 2011.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Eric Whittaker, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Whittaker is a consultant Geologist for Terramin Australia Limited. Mr Whittaker has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Whittaker consents to the inclusion in the presentation of the matters based on the information in the form and context in which it appears.



Figure 4: Terramin's Fleurieu Exploration Licences.

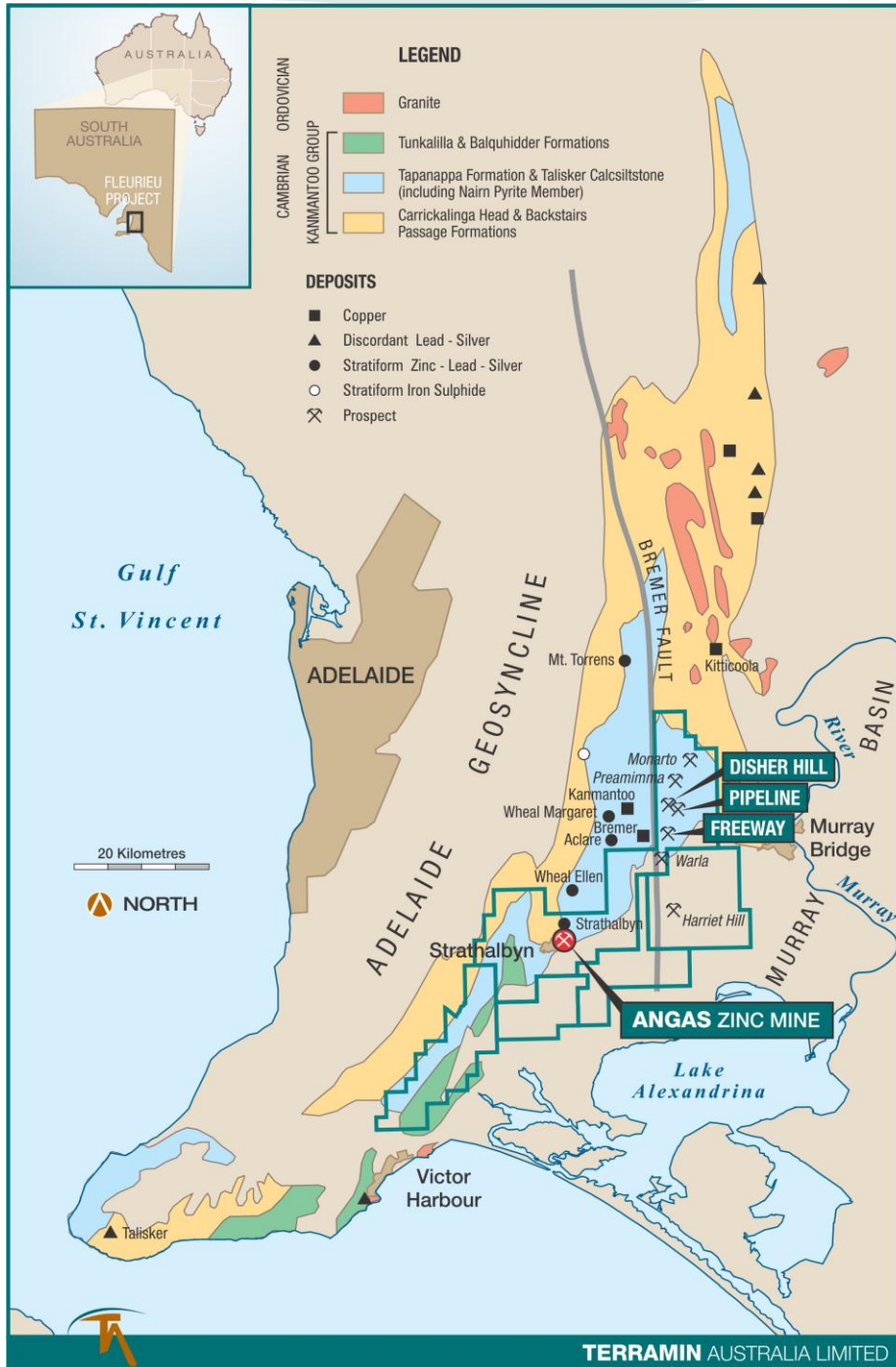


Figure 5: Fleurieu Peninsular summary geology plan showing the locations of the Pipeline, Disher Hill and Freeway prospects where Terramin’s regional exploration activities will be focused in the coming months.



Appendix – Entitlement Offer Timetable

Event	Date
Initial announcement of Entitlement Offer and lodgement of Appendix 3B and Cleansing Notice	Friday 23 November 2012
Preliminary notice of Entitlement Offer despatched to shareholders	Monday 26 November 2012
Shares commence trading ex-rights Rights trading commences	Tuesday 27 November 2012
Record Date for determining entitlement to participate in Entitlement Offer	Monday 3 December 2012
Despatch of Offer Booklet and Entitlement and Acceptance Form	Thursday 6 December 2012
Rights trading ends	Thursday 13 December 2012
Shares quoted on deferred settlement basis	Friday 14 December 2012
Entitlement Offer closes	Thursday 20 December 2012
Allotment of Entitlement Offer shares and despatch of holding statements	Monday 31 December 2012
Normal trading of Entitlement Offer shares expected to commence on ASX	Wednesday 2 January 2013

The above times and dates are indicative only. Terramin reserves the right to change this timetable subject to the requirements of the ASX Listing Rules.