



ASX Shareholder Report

23 November 2012

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Terramin is a dedicated
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focused on developing
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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.

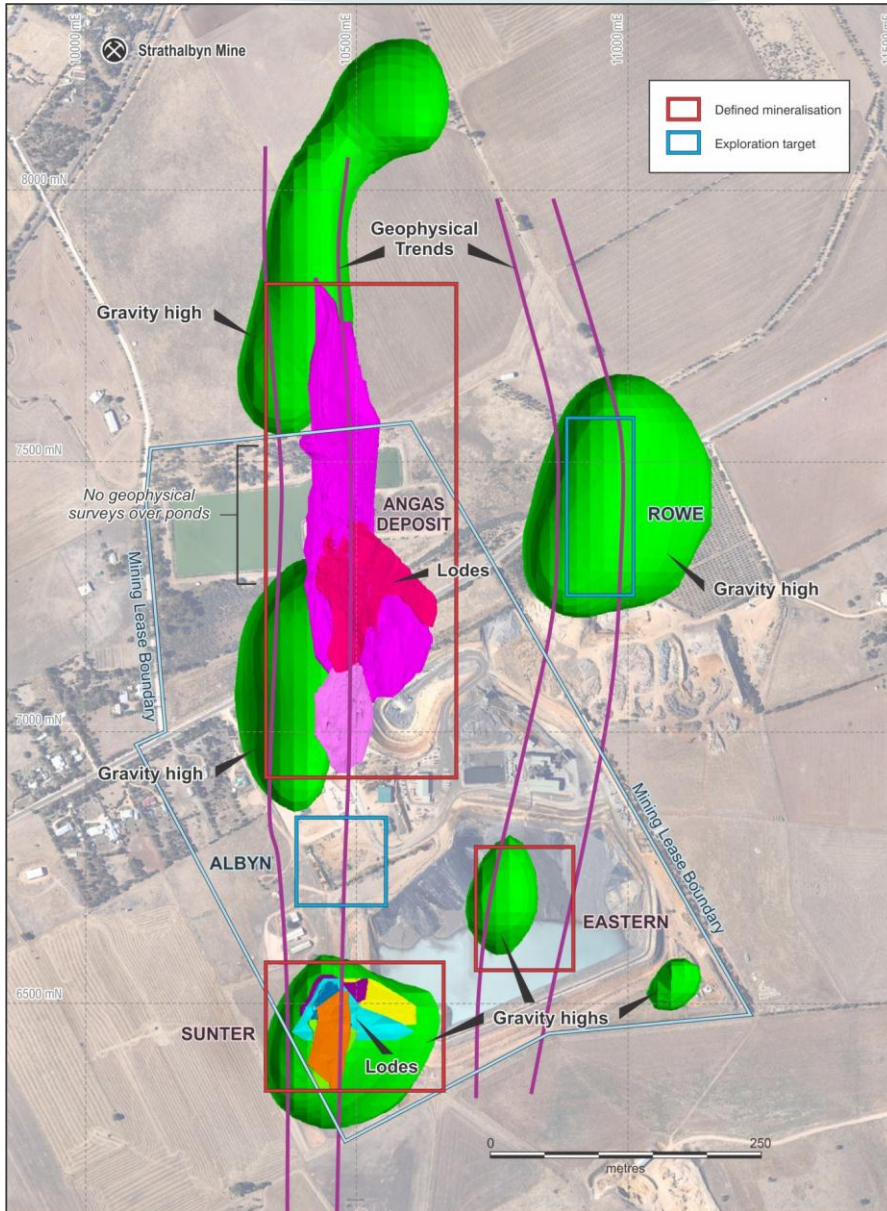


Figure 1: Plan showing the Angas and Sunter deposit outlines and the positions of the Albyn and Rowe exploration targets. The geophysical trends are defined by IP and gravity responses.

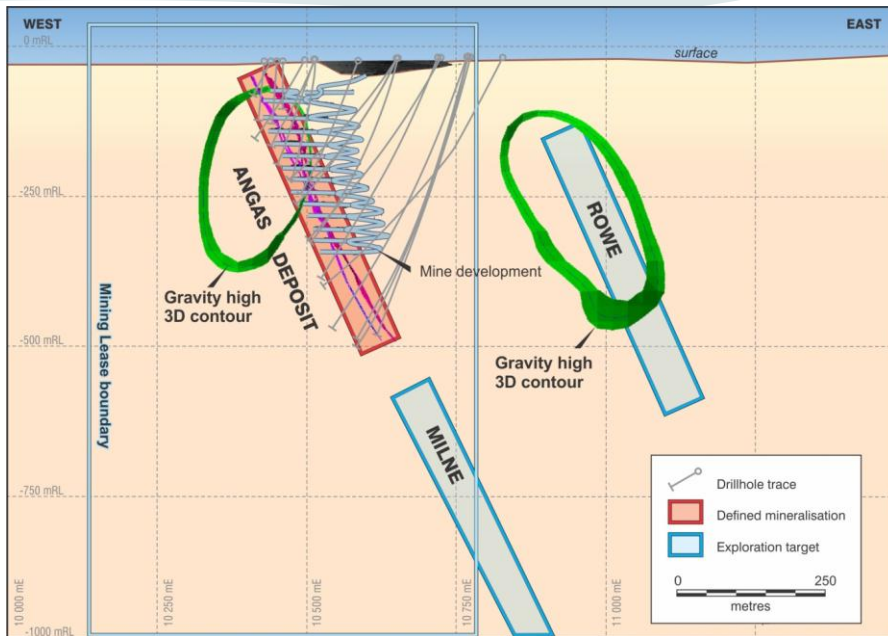


Figure 2: Cross section at 7250N looking north at the Angas deposit, Angas mine development and positions of the Rowe and Milne exploration targets.

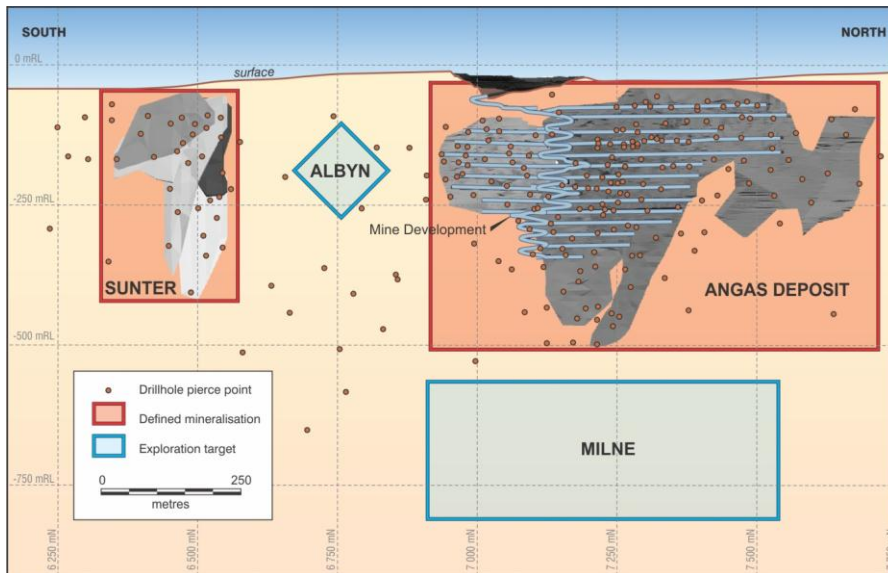


Figure 3: North-South long section through the Angas and Sunter deposits (grey) showing mine development and the Albyn and Milne exploration targets.



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.

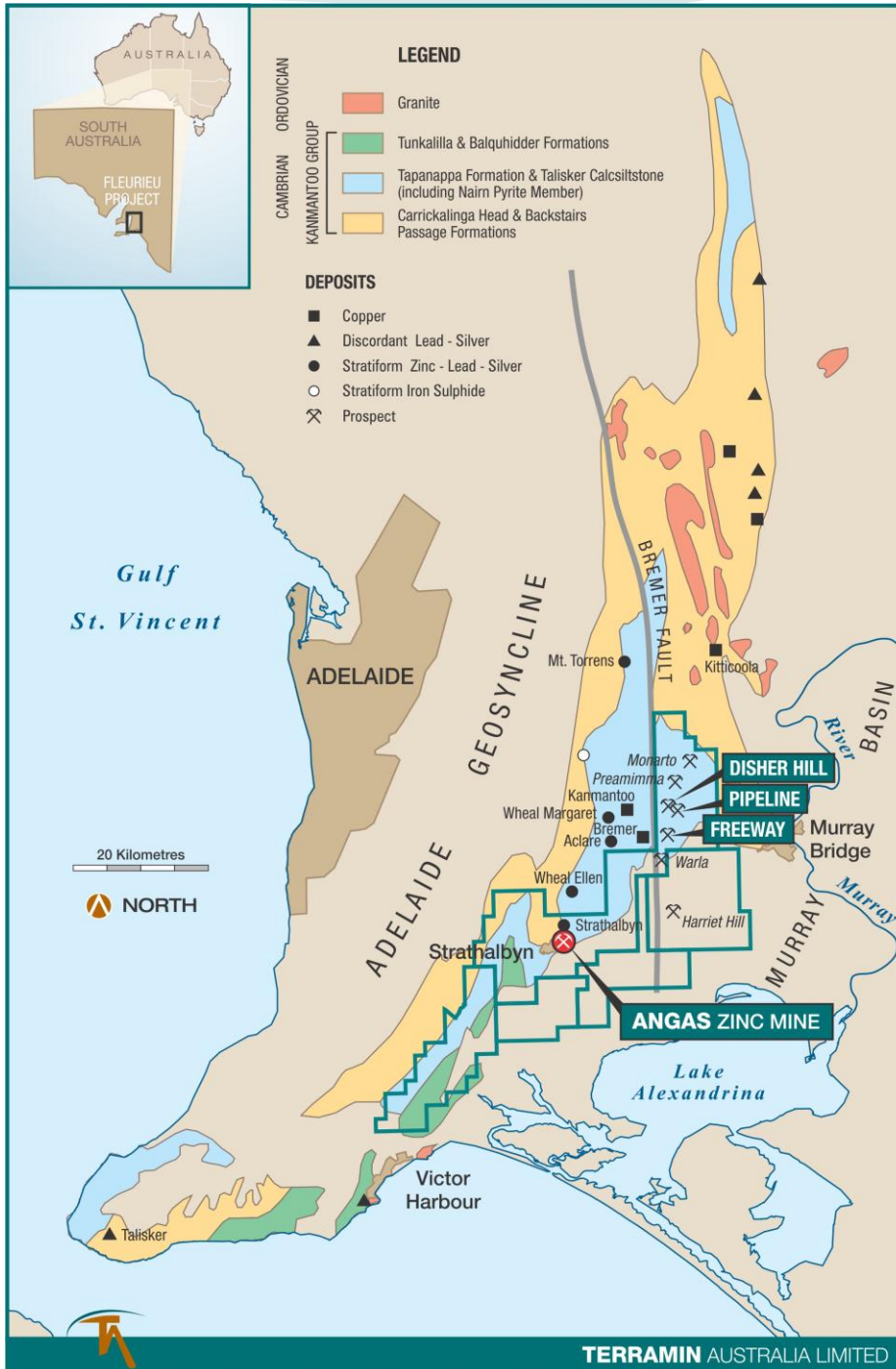


Figure 5: Fleurieu Peninsular summary geology plan showing the locations of the Pipeline, Disher Hill and Freeway prospects where Terramin’s regional exploration activities will be focused in the coming months.



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.