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The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

11 October 2013

Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

This notice is given by Terramin Australia Limited ACN 062 576 238 (ASX Code: TZN) (**Terramin** or **the Company**) under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by Australian Securities and Investments Commission Class Order 08/35 (**CO 08/35**).

Terramin today announced a non-renounceable, pro-rata entitlement offer of 1 new fully paid ordinary share (**New Shares**) for every 2 existing shares held as at 7.00 pm (Sydney time) on Monday 21 October 2013 by shareholders with a registered address in Australia, New Zealand, Hong Kong or Singapore (**Entitlement Offer**).

Terramin confirms that:

- (a) the New Shares will be offered for issue without disclosure under Part 6D.2 of the Act;
- (b) this notice is being given under section 708AA(2)(f) of the Act as modified by CO 08/35;
- (c) as at the date of this notice, Terramin has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to Terramin; and
 - (ii) section 674 of the Act;
- (d) as at the date of this notice, there is no information that is 'excluded information' within the meaning of sections 708AA(8) and 708AA(9) of the Act; and
- (e) the potential effect that the issue of the New Shares will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand and the number of New Shares taken up by each eligible shareholder under the Entitlement Offer. The anticipated effect of the issue of New Shares under the Entitlement Offer on the control of the Company is as follows:
 - (i) If all eligible shareholders take up their entitlements, each eligible 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. Although shareholders with registered addresses outside of Australia, New Zealand, Hong Kong and Singapore are not eligible to participate in the Entitlement Offer (and hence their percentage interest will be diluted as a result of the issue of New Shares), the combined percentage

interest of those excluded shareholders is not sufficiently significant for its dilution to have a material effect on the control of the Company if all eligible shareholders take up their entitlements.

- (ii) However, the Company notes that it has entered into an agreement dated 7 October 2013 with Asipac Capital Pty Ltd (**Asipac**) and Wanshe Holdings Pty Ltd (**Wanshe**) (an entity associated with Asipac) (together, the **Underwriter**) under which the Underwriter has agreed to fully underwrite the Entitlement Offer (**Underwriting Agreement**).
- (iii) The following effects on the Company's shareholding structure are expected as a result of the underwriting arrangements:
 - (A) The Underwriter holds a relevant interest in approximately 34.31% of the Company's issued shares as at the date of this notice.
 - (B) In the unlikely event that no eligible shareholder (other than the Underwriter) takes up their entitlement and the Underwriter is required to take up all of the remaining New Shares (other than those to be dealt with by the nominee for excluded shareholders) pursuant to the Underwriting Agreement, then the Underwriter will acquire a relevant interest in a maximum of 53.57% of the Company's issued share capital.
 - (C) However, such an outcome is considered by the Company to be unlikely to eventuate for the following reasons.
 - i. It is anticipated that, after the Record Date and during the offer period for the Entitlement Offer, completion of the Bird-in-Hand Gold Project acquisition (as announced to ASX on 19 July 2013) (**BIH Acquisition**) will occur and, as contemplated by the terms of the BIH Acquisition, the Company will issue 25,000,000 fully paid ordinary shares to Maximus Resources Limited (**BIH Placement**).
 - ii. In addition, as at the date of this notice, the Company's second largest shareholder, Tronic Enterprises Development Limited (a company registered in Hong Kong) (**Tronic**), which currently holds a relevant interest in approximately 16.31% of the Company's issued shares, has indicated that it intends to take up its full entitlement under the Entitlement Offer.
 - iii. Assuming that the BIH Placement occurs during the offer period for the Entitlement Offer, and that Tronic takes up its full entitlement under the Entitlement Offer, but that no other shareholders participate in the Entitlement Offer, the Underwriter's potential maximum relevant interest in the Company's shares will be approximately 47.11%.
 - iv. Assuming that the BIH Placement does not occur during the offer period for the Entitlement Offer but that Tronic takes up its full entitlement under the Entitlement Offer and no other shareholders participate in the Entitlement Offer, the Underwriter's potential maximum relevant interest in the Company's shares will be approximately 48.08%.
 - v. In addition, the Underwriting Agreement provides for a placement facility which will enable the Company to place shortfall shares to new investors where it is likely that the Underwriter's relevant interest in

the Company's shares may exceed 49.9% as a result of the Entitlement Offer. As such, in the event that the BIH Placement does not occur during the offer period for the Entitlement Offer and no eligible shareholder (other than the Underwriter) takes up their entitlement, the Company would need to place less than 4% of the Company's issued share capital to new investors to ensure the Underwriter's relevant interest in the Company's shares does not exceed 49.9%. The Company is confident of its ability to do so.

- (D) Any New Shares not applied for by eligible shareholders, issued to the nominee for the excluded shareholders or to new investors under the placement facility described above will be issued to the Underwriter under the terms of the Underwriting Agreement.
- (E) The Underwriter has informed the Company's Board that it supports the Company's current strategic direction as outlined in the Company's announcement to ASX dated 11 October 2013.

Yours faithfully



Stéphane Gauducheau
Company Secretary