



ASX Shareholder Report

11 October 2013

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Terramin is a dedicated
base metals company
focused on developing
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Terramin launches \$14.1 million Entitlement Offer

Highlights

- **Fully underwritten non-renounceable 1 for 2 Entitlement Offer at \$0.035 per share to raise approximately \$14.1 Million**
- **Major shareholder Asipac Group to underwrite the Entitlement Offer**
- **Restructure of Debt Facility with Investec and Asipac Group**
- **Bird-in-Hand transaction to complete in the coming weeks**
- **Scoping Study for Bird-in-Hand project expected to be completed within the next month**



Details of Capital Raising

As announced on 7 October 2013, the board of Terramin has decided to undertake a fully underwritten non-renounceable entitlement offer of 402,683,923 new ordinary shares (at a ratio of 1 new share for every 2 existing shares held on the record date) (**Entitlement Offer Shares**) to raise \$14.1 million (before expenses) (**Entitlement Offer**).

The Company's largest shareholder, the Asipac Group will underwrite the Entitlement Offer with Wanshe Holdings Pty Ltd (an associate of the Asipac Group) and its second largest shareholder, Tronic Enterprise Development Limited, has indicated that it intends to participate in the Entitlement Offer by taking up its full entitlement.

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

- repay debt under the Corporate revolving facility with Investec Bank (Australia) Limited (**Investec**) (\$6.5 million) and Asipac Group (\$2 million);
- progress the Company's Bird-in-Hand and Tala Hamza projects;
- undertake exploration work on the Company's extensive tenement holdings in the Adelaide Hills; and
- provide working capital for the Company.

The principal terms of the Entitlement Offer are as follows:

- An offer of 1 new fully paid ordinary share for every 2 shares held as at the record date (21 October 2013) by Terramin shareholders with a registered address in Australia, New Zealand, Hong Kong and Singapore.
- An issue price of \$0.035 per share, representing a discount of approximately 19% to the closing price of the Company's shares on 30 September 2013 (being \$0.043 per share) and a discount of approximately 12% to the 5 day volume weighted average price of the Company's shares up to and including 30 September 2013 (being \$0.04).
- The offer is non- renounceable and therefore shareholders will not be able to trade their entitlements on the ASX or otherwise transfer their entitlements. Accordingly, eligible shareholders who do not wish to take up all or part of their entitlement may let the offer lapse by taking no action.
- 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 Capital Pty Ltd and Wanshe Holdings Pty Ltd (**Underwriter**).



The 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 Entitlement Offer Shares, or the issue of shares to the Underwriter.

The Entitlement Offer may result in changes in Terramin's shareholding structure, including an increase in Asipac Group's interest in Terramin shares above the current level of 34.31% and the dilution of the holding of existing shareholders if they do not take up their entitlements in full, however the Entitlement Offer is not expected to result in Asipac Group holding more than 50% of the share capital in Terramin. 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 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 Debt

As announced on 7 October 2013, Terramin has entered into an agreement to restructure the Company's debt facilities with Investec as follows:

- Asipac has acquired \$4 million of the outstanding \$10.5 million Investec debt facility - \$2 million will be repaid upon completion of the Entitlement Offer and the remaining \$2 million will be due by 30 September 2015, subject to certain conditions;
- Investec has agreed to defer repayment of the balance of the debt facility (\$6.5 million) to 20 December 2013, which will be repaid from the funds raised through the Entitlement Offer;
- The availability of the Company's existing \$2.5 million stand-by facility with Investec has been extended to 15 October 2013 and will be novated to Asipac and, upon novation, extended to 30 September 2014. This stand-by facility will be undrawn at the time of novation and will be available in the event that Terramin requires short term funding;
- The \$5.3 million bank guarantee facility which supports the rehabilitation obligations of the Angas Zinc Mine has been extended by Investec to 31 March 2015 subject to certain conditions.



Bird in Hand Acquisition

In July 2013, Terramin announced that it had entered into a binding agreement to acquire the Bird-in-Hand Gold Project and a portfolio of highly prospective Adelaide Hills exploration tenements from Maximus Resources Limited.

The Bird-in-Hand Gold Project is located approximately 30 km north of the Company's Angas Zinc Mine. The project has a high grade Resource¹ of 598,000 tonnes at 12.3 grams per tonne for 237,000 ounces which is amenable to underground mining.

It is anticipated that, subject to the required regulatory approvals, the Bird-in-Hand ore will be processed utilising the facilities at Angas after minor modifications to the plant have been made. The existing tailings dam at Angas has the capacity to hold all the Bird-in-Hand tailings.

Terramin believes that processing of Bird-in-Hand's high grade ore utilising the existing Angas facilities will create a low capital and low cost gold operation.

The negotiation of the formal sale agreement and royalty deed is close to finalisation and the transaction is expected to complete in the coming weeks.

Terramin has undertaken a scoping study on the Bird-in-Hand Gold Project in the last 2 months. This scoping study, which will include an updated Resource estimates, is close to finalisation and is expected to be released later this month.

Placement of Angas Zinc Mine in Care and Maintenance

As foreshadowed in the Company's announcement in early July, mining and processing activities at the Angas Zinc Mine ceased on 1 October 2013 following the extraction of all economic ore. The mine is now in the process of being placed on care and maintenance.

Angas will remain in care and maintenance while Terramin evaluates and obtains approval for the potential development of the Bird-in-Hand Project and explores for other economic deposits in close proximity to the mine or within Terramin's extensive tenement position in and around Angas.

Tala Hamza

Terramin continues to pursue its efforts to find an agreement with its Algerian partner on the outcomes of the Definitive Feasibility Study, and to determine the most appropriate manner to develop the Tala Hamza deposit. To this end, in September, 2013, a series of meetings were held in Algeria with our Algerian partners, and with relevant Algerian governmental authorities, to determine a mutually acceptable path to advance the project. In the meantime, and pending

¹Resource estimated by Maximus in 2008 in accordance with the JORC 2004 Code.



the outcome of these discussions, preparations continue for the arbitration proceedings, initiated in May 2013 before the International Chamber of Commerce in Paris.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled and thoroughly reviewed 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.



Appendix – Entitlement Offer Timetable

Event	Date
Lodgement of Appendix 3B and Cleansing Notice	Friday 11 October 2013
Preliminary notice of Entitlement Offer despatched to shareholders	Monday 14 October 2013
Shares commence trading ex-rights	Tuesday 15 October 2013
Record Date for determining entitlement to participate in Entitlement Offer	Monday 21 October 2013
Despatch of Offer Booklet and Entitlement and Acceptance Form	Thursday 24 October 2013
Entitlement Offer closes	Friday 15 November 2013
Shares quoted on deferred settlement basis	Monday 18 November 2013
Allotment of Entitlement Offer shares	Monday 25 November 2013
Normal trading of Entitlement Offer shares expected to commence on ASX	Tuesday 26 November 2013

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