ASX Announcement

27 February 2014

Appendix 4E and 2013 Financial Accounts

Terramin Australia Ltd (ASX: TZN) today released the Appendix 4E and 2013 Financial Report for the group.

During 2013, Terramin has significantly restructured its business both financially and operationally. Much of this restructuring is now complete and Terramin is well placed to build value with its extensive assets in South Australia and Algeria.

2013 saw the successful cessation of mining at Angas near Strathalbyn with the mine placed into care and maintenance. Terramin is progressing plans to utilise the existing facilities at Angas to process ore derived from its large exploration tenement position in the surrounding area.

In August 2013, Terramin acquired a series of Adelaide Hills tenements which included the high grade Bird-in-Hand gold deposit. A pre-feasibility study into developing the Bird-in-Hand gold deposit and utilising the processing facilities at Angas has commenced following a positive scoping study. The acquisition of these tenements combined with Terramin's existing tenements in the area means Terramin now controls over 3,500 square kilometres of highly prospective ground in the Adelaide Hills and has identified a number of high priority targets for exploration. In January 2014, Terramin announced that it had discovered Rare Earths at the northern end of these tenements near Kapunda.

Positive progress has also been made in resolving and advancing the Tala Hamza project in Algeria. Recent discussions with our joint venture partner have led to the appointment of NFC to assist with a review of the technical issues with respect to the Definitive Feasibility Study. It is hoped that this will lead to resolution of these issues during 2014.

Following the signing of a farm in agreement in 2012, Terramin's partner in the Menninnie Dam Joint Venture has made significant progress with the discovery of mineralisation at Spare Rib and Frakes.

Significant progress has also been made with respect to the restructuring of Terramin's financial position. The successful completion of the $14.1 million rights issue in December along with positive cash flow from Angas Zinc Mine and a $2 million loan from a major shareholder enabled Terramin to extinguish the remaining bank debt and secure sufficient cash to fund its ongoing work in South Australia and Algeria. Further restructuring of the balance sheet will be required in 2014 as we look to create greater certainty for shareholders.

2014 is shaping up as a very exciting year for Terramin with both near term production opportunities and highly valued exploration opportunities.

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Terramin Australia Limited

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Appendix 4E Statement

PRELIMINARY FINAL REPORT

For the year Ended 31 December 2013 (previous corresponding period is the year ended 31 December 2012)

Results for Announcement to the market

	2013 $'000	2012 $'000	Change %
Revenue from ordinary activities	**46,551**	71,412	(34.8)
Loss after tax attributable to equity owners of the Company - before non-controlling interests	**(8,209)**	(65,177)	87.4
Loss after tax attributable to equity owners of the Company - after non-controlling interests	**(8,209)**	(65,177)	87.4

Dividends/Distributions

	Amount per security	Franked amount per security
2013 final dividend	**Nil**	**Nil**
2012 final dividend	Nil	Nil

No interim dividend was paid for the year ending 31 December 2013 and no final dividend has been proposed for the year ending 31 December 2013.

Net Tangible Assets per Share

	2013 $/share	2012 $/share
Net tangible assets per share	**0.02**	0.02

Interests in Joint Ventures

			% Holding	
Joint Venture	Location	Principal activity	**2013**	2012
Menninnie Dam (farm-out venture)	South Australia	Base metals exploration	**100**	100
Oued Amizour	Algeria	Base metals exploration and development	**65**	65

Explanation of Revenue

Revenue from ordinary activities for the financial year ended 31 December 2013 of $46.6 million was reduced from 2012. The decrease occurred as a result of the closure of the Angas Zinc Mine in September 2013.

Please refer to the Annual Financial Report for the year ended 31 December 2013 for further information.

Audit Report

The accounts upon which this Appendix 4E is based have been audited and the Independent Auditor's Report to the members of Terramin Australia Limited is included in the attached Financial Report.

TERRAMIN
AUSTRALIA LIMITED

CONTENT

2013 FINANCIAL REPORT

Directors' Report

for the Year Ended 31 December 2013

Your Directors submit their report on the consolidated entity being Terramin Australia Limited (the Company or Terramin) and its controlled entities (the Group), for the financial year ended 31 December 2013 and auditor's report thereon.

DIRECTORS

The following persons were Directors of the Company during the whole of the year and up to the date of the report unless stated otherwise:

Mr Michael H Kennedy BComm (Economics)

Appointed 15 June 2005

Mr Kennedy has enjoyed a 40 year career in the non-ferrous mining and smelting industry, and has held a number of senior marketing and logistics roles with the CRA/RTZ Group, managing raw material sales from the Bougainville, Broken Hill, Cobar and Woodlawn mines, managed raw material purchases and supply into the Port Pirie lead smelter, Budel zinc smelter (Netherlands), and the Avonmouth (UK) and Cockle Creek (Newcastle) zinc-lead smelters. He was the resident Director of the Korea Zinc group of companies in Australia from 1991 until 2005, which encompassed the construction and commissioning of the Sun Metals zinc refinery in Townsville. Mr Kennedy is Chairman of the Board, and a member of the Due Diligence Committee, Audit & Risk Committee and of the Nominations & Remuneration Committee. Mr Kennedy is also a Director of Western Mediterranean Zinc Spa (WMZ), the company which owns and operates the Oued Amizour Zinc Project in Algeria.

Mr Xie Yaheng *MSc, Senior Engineer*

Appointed 18 September 2009

Mr Xie is Vice-President of China Nonferrous Metals Industry's Foreign Engineering and Construction Company Limited (NFC) and Chairman of Guangdong Zhujiang Rare Earth Co Limited, a company in which NFC holds a 72% interest. Mr Xie's first degree is in electrical engineering and he was a senior electrical engineer at the Design Institute. Mr Xie has further degrees in finance and business administration, and project management experience at zinc and copper mines in Mongolia, Zambia and Vietnam.

Mr Angelo Siciliano FIPA, Registered Tax Agent, BBus

Appointed 2 January 2013

Mr Siciliano has more than 20 years' experience as an accountant in property development and financial services. Mr Siciliano is the Chief Financial Officer of Asipac Group (including Asipac Capital Pty Ltd and Asipac Group Pty Ltd) (Asipac) and for the last 16 years has owned and managed an accounting practice predominantly focussing on taxation advice and business consulting. Mr Siciliano is a fellow of the Institute of Public Accountants and is a Director of Resource Base Limited, a gold producer listed on the ASX. He is a member of the Company's Audit & Risk Committee, and of the Nominations & Remuneration Committee.

Mr Feng Sheng

Appointed 17 April 2013

Mr Sheng is Chairman of Melbourne based Asipac. He has owned and operated several businesses over the years predominantly focussed in property investment and development. Asipac is an active investor in the resources sector and is an active member of the Australia China Business Council and sponsors the organisation at national and state level.

Mr Kevin McGuinness

Appointed 17 April 2013

Mr McGuinness is a finance executive with more than 20 years of experience as a director and in executive management with ASX listed and private companies in the mining, medical equipment industries and not-for-profit organisations. Mr McGuinness was previously the Chief Financial Officer of Exact Mining Services. He is the current Chairman of Zero Waste SA, a director and former Chairman of the Royal Zoological Society of SA and a former director of Ellex Medical Lasers Limited. Mr McGuinness is Chair of the Audit & Risk Committee and the Nomination & Remuneration Committee and is a Director of WMZ.

Mr Nic Clift BSc (Hons), MBA, FAusIMM, MIMMM, GAICD, CEng

Appointed 26 September 2011, Retired 31 May 2013

Mr Clift has over 30 years of international experience in the mining and base metals extraction, refining, and recycling industries. He has worked in a variety of corporate, management, project, development, and operating roles, and has extensive experience in dealing with government and local administration. Prior to his retirement, Mr Clift was Managing Director of the Company and was a Director of WMZ.

Mr Peter Zachert BBus, MGeoscience, MCom, FCA, FAIM, GAICD

Appointed 5 June 2009, Retired 30 April 2013

Mr Zachert is a Chartered Accountant and company director. His executive background is primarily in resources and diversified industrials in Australia and overseas. Previous positions held by Mr Zachert include Chief Financial Officer of Elders Limited, Director and Chief Financial Officer of Cyprus Australia Coal Company, Chief Financial Officer of Delta Gold Limited and senior roles in Prodeco SA and Exxon Coal and Mineral Company Limited. Mr Zachert is also a Director of a number of private companies. Prior to his retirement, Mr Zachert was Chair of the Company's Audit Committee and Nomination & Remuneration Committee as well as a member of the Due Diligence and Risk & Compliance Committees.

COMPANY SECRETARY

Mr Stéphane Gauducheau is the Group's Legal Counsel. He is a lawyer with experience in commercial, corporate and financing transactions. Mr Gauducheau is admitted to legal practice in South Australia and in France.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 31 December 2013, and the number of meetings attended by each Director were:

	Directors' Meetings		Audit Committee		Nominations & Remuneration Committee		Audit & Risk[1] Committee		Risk & Compliance Committee		Due Diligence Committee Rights Issue	
	E	A	E	A	E	A	E	A	E	A	E	A
MH Kennedy	8	8	1	1	1	1	4	4	1	1	3	3
Y Xie	8	4	-	-	-	-	-	-	-	-	-	-
A Siciliano	8	8	-	-	1	1	4	4	-	-	-	-
K McGuinness	6	6	-	-	1	1	4	4	-	-	3	3
F Sheng	6	4	-	-	-	-	-	-	-	-	-	-
P Zachert	2	2	1	1	-	-	-	-	1	1	-	-
N Clift	3	3	-	-	-	-	-	-	-	-	-	-

E Number of meetings eligible to attend.
A Number of meetings attended.
1. On 30 April 2013, the Board resolved to merge the Audit and Risk & Compliance Committees.

DIRECTORS' INTERESTS

The Directors of the Company had the following direct or indirect interests in the equity of the Company as at the date of this report

	Fully paid ordinary shares	Options	Options exercise price	Options expiry date
MH Kennedy	1,876,034	-	-	-
Y Xie	-	-	-	-
A Siciliano	3,750,000	-	-	-
K McGuinness	-	-	-	-
F Sheng	545,149,934	-	-	-
Total	**550,775,968**	**-**	**-**	**-**

PRINCIPAL ACTIVITIES

During the period and up until the closure of the Angas Zinc Mine in September 2013, there were no significant changes in the nature of the Group's principal activities which continued to focus on the mining, development of and exploration for base metals (in particular zinc and lead) and other economic mineral deposits. Following the closure of the Angas Zinc Mine, the Group is focussing on the development of and exploration for base and precious metals.

OPERATING RESULTS

	Angas 2013 $'000	Other 2013 $'000	**Total 2013 $'000**	Total 2012 $'000
Revenue	46,551		**46,551**	71,412
Other income	-	-	**-**	6
Raw materials, consumables and other direct costs	(36,895)	-	**(36,895)**	(56,182)
Change in inventories of finished goods and WIP	(4,471)	-	**(4,471)**	(45)
Employee expenses	-	(1,879)	**(1,879)**	(4,457)
Other expenses	-	(1,606)	**(1,606)**	(3,236)
Net finance income/(costs) (non-interest)	423	(5,046)	**(4,623)**	(4,823)
Earnings before interest, income tax, depreciation and amortisation[1]	**5,608**	**(8,531)**	**(2,923)**	**2,675**
Depreciation and amortisation	(8,643)	(19)	**(8,662)**	(26,776)
Impairment of non-current assets	-	-	**-**	(37,746)
Write back of Impairment Losses	5,565	-	**5,565**	-
Earnings before interest and income tax (EBIT)	**2,530**	**(8,550)**	**(6,020)**	**(61,847)**
Net finance costs (interest)	(1,062)	(1,127)	**(2,189)**	(3,330)
Income tax expense	-	-	**-**	-
Profit/(Loss) for the period	**1,468**	**(9,677)**	**(8,209)**	**(65,177)**

1. *Angas operating results include direct costs incurred at the Angas Zinc Mine but exclude all hedging and corporate costs. This allocation of results is a non-IFRS measure used by management of the Company to assess the operating performance of the business. This non-IFRS measure has not been subject to review or audit.*

The consolidated loss of the Group after providing for income tax was $8.2 million for the year ended 31 December 2013 (2012: $65.2 million).

The major contributors to the result were interest costs, non-cash charges of $8.7 million for depreciation and amortisation which were offset by a reversal of impairment of $5.6 million. The operating profit for the Angas Zinc Mine was $5.6 million (2012: $15.0 million) before interest, tax, depreciation, impairment and amortisation charges.

Sales revenue from zinc and lead concentrates was $46.6 million, (2012: $71.4 million) and operating expenditure reduced to $36.9 million (2012: $56.2 million). The lower sales revenue and operating expenditure was largely due to cessation of operations at Angas Zinc Mine during the year.

The consolidated net asset position as at 31 December 2013 was $25.7 million.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared during the period and no recommendation was made to pay a dividend.

REVIEW OF OPERATIONS

During the year, the Company continued to focus on maximising cashflow from its Angas Zinc Mine in South Australia up until its closure in September 2013. In 2013 the Company also pursued avenues to progress towards a decision to mine the Tala Hamza deposit in the Oued Amizour Zinc Project in Algeria, and engaged in the exploration and evaluation of base and precious metal projects in Australia. Highlights for each of the Company's major projects are reported below.

Angas Zinc Mine

(Terramin 100%)

Angas Zinc Mine Production Stats	**2013 (kt)**	2012 (kt)	% Change
Ore Mined	**285**	434	(34.3%)
Ore Milled	**291**	441	(34.0%)
Zinc Concentrate	**33**	62	(46.8%)
Lead Concentrate	**15**	25	(40.0%)

The Angas Zinc Mine ceased production in September 2013, one month after anticipated due to excellent ore grades identified at the 380mRL. The site successfully moved into the care and maintenance phase during the last quarter, with the recovery of underground infrastructure and the storage of workshop and mobile equipment.

The mine performed well in the final year of operations, surpassing budgeted ore mined for the year by 14% and ore milled by 12%. Zinc concentrate production totalled 33,273 tonnes and lead concentrate production totalled 15,321 tonnes for the year.

Process plant throughput and availability was maintained at a high level up to mine closure as a result of a combined effort from the processing and maintenance departments. The record for the highest daily throughput tonnes was achieved during the final month of processing.

Bird-in-Hand Gold Project

(Terramin Exploration Pty Ltd 100%)

The Bird-in-Hand Gold Project is located approximately 30km north of Terramin's existing mining and processing facilities at the Angas Zinc Mine. The project has a high grade Resource of 233,000 ounces of gold which is amenable to underground mining.

It is anticipated that subject to required regulatory approvals, the Bird-in-Hand material will be processed utilising the facilities at Angas which can be modified to process gold-bearing material. The existing tailings dam at Angas has the capacity to hold all the Bird-in-Hand tailings.

Terramin expects additional mineralisation exists down plunge of the defined resource (the mineralisation is open at depth) and possibly as separate lodes along strike based on structural and lithological interpretations, grade distribution and the distribution of historic gold mines close to the Project.

Adelaide Hills Project

(Terramin 100% / Terramin Exploration Pty Ltd 100%)

The recently acquired Adelaide Hills tenements and the former Fleurieu project's exploration tenements, are now collectively referred to as the Adelaide Hills project. The twelve contiguous exploration tenements comprising the Adelaide Hills project cover 3,547 km^2 stretching 120km between Victor Harbor and Kapunda. This project area is considered prospective for gold, copper, lead and zinc and most recently rare-earths.

As part of the ongoing compilation of historical exploration and mining data and ranking of over 250 historic gold and copper mines, reconnaissance sampling has commenced at several localities including at the iconic Kapunda Copper Mine. Copper was discovered at Kapunda in 1842 and mined until 1879, producing approximately 13,700 tonnes of copper metal from 69,000 tonnes of ore (at approximately 20% Cu).

Oued Amizour Zinc Project

(Terramin 65%)

The Company continues to liaise with its joint venture partner, Enterprise National des Produits Miniers Non Ferreux et des Substances Utiles ("ENOF"), to determine a path forward and is assessing all avenues to progress the Tala Hamza project. The Company pursued several options during 2013 with the intention of bringing a resolution to the differences between the partners regarding Terramin's proposal for developing the Tala Hamza project as set out in the Definitive Feasibility Study (DFS) which was completed and submitted in October 2010. In May 2013 the Company informed its Algerian partner and the Algerian government that it was commencing arbitration proceedings pursuant to the joint venture agreement dated 22 February 2006 (JV Agreement). Subsequent to this, a number of discussions have taken place in Algeria which have highlighted that all parties are keen to progress the project and as a result of these meetings, a Technical Cooperation Agreement has been entered into with NFC under which NFC will review the DFS and the issues raised by ENOF, in respect of this. Terramin, ENOF and NFC have agreed to undertake a technical workshop in early 2014 to determine the work plan for NFC. NFC has also agreed to update the DFS to reflect the outcomes of their review. Consequently, Terramin and its Algerian joint venture partner have agreed to suspend the arbitration proceedings.

Menninnie Zinc Project

(Terramin 100% through its wholly owned subsidiary Menninnie Metals Pty Ltd, farm-out joint venture comprising 5 exploration licences covering 2,471km^2)

Musgrave Minerals Limited (Musgrave) commenced exploration drilling on several Menninnie Dam prospects in the fourth quarter of 2012 and reported encouraging results for Pb, Zn, Au and graphite early in 2013. Throughout 2013 Musgrave carried out three subsequent drilling programmes on EL 5039 Menninnie Dam and EL 4813 Nonning, focused on the discovery of satellite Ag-Zn-Pb resources to add to the Menninnie Central and Viper resource and testing Au prospects. Musgrave also carried out an airborne EM (VTEM) survey and a major geochemical survey to assist with definition of drilling targets. These activities produced encouraging results on pre-JV prospects and identified several interesting new prospects. Musgrave and Menninnie Metals entered a JV Agreement in December 2013, whereby Musgrave can earn up to 51% by spending $6.0m and if Menninnie Metals chooses not to contribute to the JV, Musgrave can earn up to 75% by spending an extra $3.0m.

Mount Ive Project

(Terramin 100%)

During the year, two tenement applications (ELA 2013/00299, Unalla and ELA2013/00316, Mt Ive) were granted to Menninnie Metals; these becoming EL 5266 and EL 5276 respectively. Menninnie Metals applied for two additional exploration tenements (ELA 2013/00206, Thurlga and ELA 2014/00004, Mt Ive South) located to the south and west of, and are contiguous with, the Mt Ive, Unalla and Kolendo (EL 4285) tenements. The two ELAs cover a total of 1,345km^2 and, if granted, will extend and consolidate the Company's interests in this highly prospective area. The total exploration area in the southern Gawler Ranges managed by Menninnie Metals independently from the Menninnie Zinc Project JV would be 1,929km^2. This area is highly prospective for base metals, silver and gold. The Mt Ive South tenement is just 4km north of the 20km x 6km area of silver prospects containing the Paris 20 million oz Ag inferred resource (5.9mt @ 110g/t Au and 0.6% Pb) announced by Investigator Resources Ltd in October 2013.

Corporate

During the year, the Company underwent a significant financial restructure, which included a debt restructure with its financier, Investec Bank (Australia) Limited (Investec), and a fully underwritten non-renounceable entitlement offer which raised approximately $14.1 million. The rights issue was completed in November 2013. Upon completion of the capital raising, cornerstone investors Asipac and Tronic Enterprise Development Limited held 43.8% and 16.11% (2012: 37.01% and 7.27%) of issued capital respectively. Upon completion of the entitlement offer, the Company applied $8.5 million of the proceeds to the Corporate revolving facility held with Investec and $2 million to the debt facility with Asipac.

The repayments reduced the balance of the Corporate revolving facility to $Nil and the balance owing to Asipac in relation to this facility reduced to $2 million.

Total options on issue by the Company reduced to 1,300,000 following the cancellation of 2,870,000 options.

The restructure of the Corporate debt facility saw a transfer of $4.0m of debt from Investec to Asipac. Following the completion of the rights issue, $2.0m were repaid to Asipac. The balance ($2.0m) has a two year term and is subject to commercial arm's length terms including an interest rate of 7% pa payable on a six-monthly basis in cash or shares subject to the ASX Listing Rules and the Corporations Act. In addition, as part of the restructure, Asipac acquired a security interest over the assets of the Company by becoming a beneficiary under the Security Trust Deed (Trust Deed) held by Investec. Under the Trust Deed, the security held by Investec as trustee also secures the repayment of monies owing under the guarantee facility ($5.3m) provided by Investec, that portion of the corporate debt acquired by Asipac (currently $2.0m) and the unlisted convertible notes (US$15.05m) held by Asipac. The ASX provided a waiver to Listing Rule 10.1 for the security interest to be granted which requires the Company to provide a summary of the terms of the security as follows. The Trust Deed contains standard commercial terms including in the event of default, Investec, as trustee for the beneficiaries may enforce the security. Investec would be able to appoint a receiver, receiver and manager (or analogous person) to exercise its power of sale under the security and sell the assets to an unrelated third party on arm's length commercial terms. The repayment of all outstanding debt would follow the order set out in the security trust deed. The Company will be released from the obligations existing under the Trust Deed following the repayment of all debt or facility outstanding to the beneficiaries.

In November 2013, Terramin Exploration Pty Ltd (TEPL) obtained the financing from Asipac for the acquisition of the Bird-in-Hand project and related exploration tenements. Asipac provided a $1.8m loan facility which is secured with a general security over all the assets of TEPL. The Asipac facility was provided for 18 months from November 2013 on commercial arm's length terms including an interest rate of 7% p.a. payable on a six-monthly basis in cash or shares subject to the ASX Listing Rules and the Corporations Act. The ASX provided a waiver to Listing Rule 10.1 for this general security to be granted. The general security contains standard commercial terms including in the event of default, Asipac would be able to enforce the security through the appointment of a receiver, receiver and manager (or analogous person) appointed by Asipac exercising its power of sale under the general security and selling the assets to an unrelated third party on arm's length commercial terms. TEPL will be released from its obligations under the general security following the repayment of all debts and/or cancellation of all facilities outstanding to Asipac.

Business Development Activities

Throughout 2013, the Company continued to identify, assess and, where appropriate, pursue the acquisition of interests in advanced mining projects.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant change in the state of affairs of the Group occurred during the financial year, other than as already referred to elsewhere in this report.

SUBSEQUENT EVENTS

In the Directors' opinion, no events or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company or the Group, the results of those operations, or the state of affairs of the Group in future years that have not been otherwise disclosed in this report.

FUTURE DEVELOPMENTS

The Group intends to continue to progress the Bird-in-Hand project through a Preliminary Feasibility Study and additional drilling programme. The Group will also continue to work with its Algerian partners and NFC to reach an agreement with the JV Partner on the Definitive Feasibility Study. The Group also intends to continue to undertake appropriate exploration and evaluation expenditure, thereby enabling it to maintain good title to all its prospective mineral properties until decisions can be made to successfully develop and exploit, sell or abandon such properties. New projects will continue to be sought and evaluated.

ENVIRONMENTAL MANAGEMENT

The Group (in particular the Company's Angas Zinc Mine) is subject to significant environmental regulation under both Commonwealth and South Australian legislation in relation to its exploration, development and mining activities. Exploration Licences and Mining Leases are issued subject to various obligations as to environmental monitoring and rehabilitation, and ongoing compliance with all relevant legislative obligations. The Group's Directors, employees and consultants are committed to achieving a high standard of environmental performance, which is monitored by the Risk & Compliance Committee.

Environmental monitoring at Angas will continue whilst in the care and maintenance phase and on-site clean up and recycling has commenced. Terramin remains compliant with the terms of the Angas Mining Lease.

A renewal of Extractive Mineral Lease (EML 5325) was granted in October 2013, and operations can commence subject to approval of a Program for Environment Protection and Rehabilitation (PEPR). The EML will allow the Company to extract, process, use and, if conditions allow, sell sand. Insofar as the Directors are aware, there have been no material breaches or other material instances of non-compliance, nor any recorded known areas of outstanding non-compliance, with any applicable environmental legislation or other regulations.

CORPORATE GOVERNANCE

The Board acknowledges and endorses the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 2nd Edition" (**ASX Recommendations**). The Board continually monitors and reviews its existing and required policies, charters and procedures with a view to ensuring its compliance with the ASX Recommendations to the extent deemed appropriate for the size of the Company and its development status.

A summary of the Company's ongoing corporate governance practices is set out annually in the Company's annual report.

Good corporate governance practices are also supported by the ongoing activities of the following Board committees:

- Audit & Risk Committee
- Nominations & Remuneration Committee

SHARE CAPITAL

(a) Ordinary Shares

As at 31 December 2013 and at the date of this report, there were 1,245,051,770 fully paid ordinary shares in the capital of the Company on issue.

(b) Unlisted options outstanding at the date of this report

As at 31 December 2013 there were 1,300,000 unlisted options over fully paid ordinary shares in the capital of the Company on issue.

Expiry Date	Exercise Price $	Number of Options on Issue
20-Jan-15	1.17	1,000,000
7-Apr-16	0.53	300,000
TOTAL		**1,300,000**

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of the Company or any other body corporate.

(c) Unlisted options exercised/cancelled during the year

There were no unlisted options over fully paid ordinary shares in the capital of the Company exercised during the period. During the year 2,870,000 options were cancelled.

(d) Unlisted options exercised/cancelled since 31 December 2013

No unlisted options over fully paid shares in the Company have been exercised since 31 December 2013. No options have been cancelled since 31 December 2013.

REMUNERATION REPORT - AUDITED

This remuneration report for the year ended 31 December 2013 outlines the remuneration arrangements of the Company in accordance with requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company. The information regarding remuneration and entitlements of the Company's Board and KMP required for the purposes of section 300A of the Act is provided below.

The following persons were Directors of the Company during the financial year and up until the date of this report unless stated otherwise:

(i) Executive Directors

Mr NM Clift Managing Director and CEO (Retired 31 May 2013)

(ii) Non-Executive Directors

Mr MH Kennedy Chairman (Independent)

Mr Y Xie (Non-Independent)

Mr A Siciliano (Non-Independent – Appointed 2 January 2013)

Mr K McGuinness (Independent – Appointed 17 April 2013)

Mr F Sheng (Non-Independent – Appointed 17 April 2013)

Mr P Zachert (Independent – Retired 30 April 2013)

The following persons are the KMP of the Group. KMP are those persons who were able to make or participate in making decisions affecting the whole or a substantial part of the business of the Company or its financial standing during the year.

(iii) Other Key Management Personnel

Mr MS Janes Chief Executive Officer (Appointed 11 June 2013)

Mr JF Ranford General Manager

Mr SD Gauducheau Legal Counsel & Company Secretary

Mr SD Reincke General Manager – Finance (Ceased 28 February 2013)

Other than those outlined above, there were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

(a) Remuneration Report and Practices

This report outlines the remuneration arrangements for KMP of the Company. It is recognised that the performance of the Company depends on the quality and skills of its Directors and Executives. The Board is mindful of the need to attract, motivate and retain highly skilled Directors and Executives. To this end, the Company strives, by way of the Board and its Nominations & Remuneration Committee, to devise and offer remuneration packages that are competitive, transparent and justifiable to shareholders.

Compensation for KMP of the Group are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. In 2011, the Nominations & Remuneration Committee obtained independent advice on the appropriateness of remuneration packages of the Group given trends in comparative companies both locally and internationally, and the objectives of the Group's remuneration strategy. Since then, these remuneration packages have been adapted accordingly to reflect the current situation of the company. These objectives are achieved through the development and implementation of policies and practices which support the key principles underlying the Company's remuneration policy:

- to provide competitive remuneration to attract high calibre people;
- to actively consult with the established Nominations & Remuneration Committee in determining remuneration policies and practices;
- to have reference to independent advice and confirmation where appropriate;
- to establish appropriately demanding hurdles in relation to performance based remuneration; and
- to link Executive Director and senior management reward to the creation of superior shareholder value and/or Company milestones and production targets.

Nominations & Remuneration Committee

The current members of the Committee are Mr K McGuinness (Chair), Mr MH Kennedy and Mr A Siciliano. The objectives of the Committee are to assist the Board to:

- ensure it is of an effective composition, size and commitment to adequately discharge its responsibilities and duties; and
- independently ensure that the Company adopts and complies with remuneration policies that:
  - attract, retain and motivate high calibre Executives and Directors so as to encourage enhanced performance by the Company;
  - are consistent with the human resource needs of the Company;
  - motivate Directors and management to pursue the long-term growth and success of the Company within an appropriate control framework and ensure that shareholder and employee interests are aligned;
  - demonstrate a clear relationship between key Executive performance and remuneration; and
  - are consistent with current governance and legal developments.

The remuneration structures outlined below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The diagram below illustrates how the Company's remuneration structures align with the overall Company strategy and links between remuneration outcomes and performance:

Business Objective

To focus on the mining, development of and exploration for base and precious metals

Key principles linking remuneration structure to business objective

- To provide competitive remuneration to attract high calibre people
- To actively consult with the established Nominations & Remuneration Committee in determining remuneration policies and practices
- To have reference to independent advice and confirmation where appropriate
- To establish appropriately demanding hurdles in relation to performance based remuneration
- To link Executive Director and senior management incentive reward to the creation of superior shareholder value and/or Company milestones and production targets

Remuneration Component	Vehicle	Purpose	Link to Performance
Fixed remuneration	■ Base salary ■ Contract payments ■ Superannuation contributions ■ Other benefits	Provide competitive remuneration to attract high calibre people	Executive performance and remuneration packages are reviewed at least annually by the Nominations & Remuneration Committee. The review process includes consideration of individual performance in addition to the overall performance of the Group.
Performance based: Short-term incentive (STI)	■ Cash bonus ■ Equity bonus	Provide reward to executives for achievement of individual and group performance hurdles	Award of STI linked directly to achievement of KPI's and performance hurdles.
Performance based: Long-term incentive (LTI)	■ Share Options	Reward for contribution to creation of long-term shareholder value	Award of LTI linked directly to achievement of KPI's and performance hurdles.

To ensure the Nominations & Remuneration Committee is fully informed when making remuneration decisions, it seeks external remuneration advice. Amendments to the Corporations Act introduced in 2011 impact how companies can seek advice in relation to remuneration recommendations for Key Management Personnel (KMP) remuneration. During the year, the Board did not engage further with external remuneration advisors and made reference to reports provided by advisors in 2011.

Remuneration report approval

Terramin Australia Limited received more than 90% of 'yes' votes on its Remuneration Report for the financial year ending 31 December 2012. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Group performance

As outlined above, the policy for determining the nature and amount of remuneration of the KMP includes consideration of individual performance in addition to the overall performance of the Group.

A summary of the Group's business performance, as measured by a range of financial and other indicators, is outlined in the following table.

Measure	2013	2012	2011	2010	2009
Cash and cash equivalents at year end - $m	4.8	10.87	7.5	9.55	21.9
Net cash inflow/(outflow) from operating activities - $m	(1.06)	4.94	4.49	12.89	(7.95)
Share price change during year - $	(0.02)	(0.08)	(0.35)	(0.33)	0.36
Zinc concentrate (dmt)	33,273	61,720	43,738	44,847	45,583
Lead concentrate (dmt)	15,321	25,465	18,079	16,972	17,735
Total ore mined (tonnes)	285,829	434,176	412,441	387,169	357,219
Total ore milled (tonnes)	291,100	441,987	401,496	392,144	342,953

Remuneration and Incentive Structures

Executives

Fixed Remuneration

The fixed portion of Executive remuneration packages comprises a base salary, statutory superannuation payment and FBT charges related to employee benefits, such as car parking.

Executive performance and remuneration packages are reviewed at least annually by the Nominations & Remuneration Committee. The review process includes consideration of both individual performance and the overall performance of the Group. In addition, remuneration consultants provide further analysis and advice to ensure that compensation remains competitive and appropriate.

Performance Based Remuneration and Entitlements

Performance based remuneration may include both short-term and long-term incentives, and is designed to reward KMP for meeting or exceeding key performance indicators (KPI's). KPI's may include financial metrics, production outcomes and completion of key group objectives. The Board will from time to time approve the award of such incentives subject to satisfaction of KPI's. The short-term incentive (STI) is an "at risk" bonus which may be provided in the form of cash and/or equity securities. There are no current fixed STI's in place with current KMP. The long-term incentive (LTI) is provided under the Terramin Australia Employee Option Plan (EOP) or the Terramin Australia Long-Term Incentive Plan (LTIP). The grant of options or other bonuses is directly linked to the achievement of specific Company objectives (such as operational milestones) with, where possible, a direct link to the creation of shareholder value. There were no issues made under the LTIP during the year.

The Group has a policy that prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangements has been prohibited by law since 1 July 2011.

Directors

Remuneration and Incentives

The maximum aggregate fee payable to Non-Executive Directors is subject to approval by shareholders at a general meeting (the current limit is $700,000). All securities issued to Directors and related parties must be approved by shareholders at a general meeting. Non-Executive Directors are either paid a base fee plus superannuation, or remunerated via contractual arrangements approved by the Board and negotiated in consultation with the Nominations & Remuneration Committee. The current Non-Executive base fees are presently $40,000 per annum based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies. Company policy supports the issue, where appropriate, of equity securities to Directors (whether Executive or Non-Executive) to help ensure Directors' interests are aligned with those of shareholders.

Director Options

There were no options or other equity securities issued to Directors or KMP during the year as remuneration.

Retirement or other Post Employment Benefits

Historically, the Company has not provided benefits to its Directors or Executives upon their retirement or otherwise upon cessation of employment, other than by making the statutory superannuation guarantee contributions as required by law.

Board and Committees – Membership and Remuneration

The following table sets out the chair and members of each committee and the annual fees allocated for each position.

Committee	Chairman Fee $	Member Fee $
Each Non-Executive Director	100,000	40,000
Audit		
P Zachert 2013 (Chair), MH Kennedy (discontinued in April 2013)	15,000	10,000
Risk & Compliance		
MH Kennedy (Chair), P Zachert (discontinued in April 2013)	15,000	10,000
Audit & Risk[1]		
K McGuinness (Chair), MH Kennedy, A Siciliano (commenced April 2013)	15,000	10,000
Nominations & Remuneration		
P Zachert replaced by K McGuinness in April 2013 (Chair), MH Kennedy, A Siciliano	15,000	10,000
Due Diligence[2]		
K McGuinness (Chair), MH Kennedy	-	-

1. *The Audit and Risk & Compliance Committees were merged on 30 April 2013.*
2. *Ad-hoc Committee created in October 2013 to oversee the capital raising and disclosure process of the Company until November 2013.*

(b) Parent Entity Directors' and Executives' Remuneration and Entitlements

During the period, the following cash and non-cash payments were made to the Directors and KMP:

		Short Term			Post Employment		Share-based payments			Total
		Salary & Fees	Contract Payments	Cash[10] bonus	Super-annuation benefits	Termination benefits	Share Options	Shares	%	
Non-Executive Directors[1]										
MH Kennedy [2]	2013	114,558	-	-	10,442	-	-	-	0%	125,000
	2012	105,505	-	-	9,495	-	-	-	0%	115,000
A Siciliano [3]	2013	-	53,333	-	-	-	-	-	0%	53,333
	2012	-	-	-	-	-	-	-	0%	-
F Sheng [4]	2013	-	28,242	-	-	-	-	-	0%	28,242
	2012	-	-	-	-	-	-	-	0%	-
K McGuinness [5]	2013	-	48,393	-	-	-	-	-	0%	48,393
	2012	-	-	-	-	-	-	-	0%	-
Y Xie	2013	-	40,000	-	-	-	-	-	0%	40,000
	2012	-	40,000	-	-	-	-	-	0%	40,000
P Zachert [6]	2013	-	26,667	-	-	-	-	-	0%	26,667
	2012	-	90,000	-	-	-	-	-	0%	90,000
Executive Directors										
NM Clift [7]	2013	166,667	-	100,000	24,000	35,114	-	-	0%	325,781
	2012	400,000	-	-	36,000	-	-	-	0%	436,000
Key Management Personnel										
MS Janes [8]	2013	194,250	-	-	17,920	-	-	-	0%	212,170
JF Ranford	2013	293,550	-	60,000	32,261	-	-	-	0%	385,811
	2012	183,526	-	-	16,517	-	-	-	0%	200,043
SD Gauducheau	2013	201,053	-	-	18,345	-	-	-	0%	219,398
	2012	163,174	-	42,500	18,511	-	-	-	0%	224,185
SD Reincke [9]	2013	31,720	-	-	2,855	50,219	-	-	0%	84,793
	2012	160,667	-	27,500	16,935	-	-	-	0%	205,102
TOTAL	**2013**	**1,001,798**	**196,634**	**160,000**	**105,823**	**85,333**	**-**	**-**	**0%**	**1,549,588**
	2012	**1,012,872**	**130,000**	**70,000**	**97,458**	**-**	**-**	**-**	**0%**	**1,310,330**

1. *Refer to page 7 of the Directors' Report for details of Non-Executive Directors' fees allocated by role.*
2. *Mr Kennedy was appointed Chairman on 29 June 2012.*
3. *Mr Siciliano was appointed as a Director on 2 January 2013.*
4. *Mr Sheng was appointed as a Director on 17 April 2013.*
5. *Mr McGuinness was appointed as a Director on 17 April 2013.*
6. *Mr Zachert retired from the Board on 30 April 2013.*
7. *Mr Clift was appointed to the role of Managing Director and CEO on 26 September 2011. He retired from the Board and the Company on 30 May 2013.*
8. *Mr Janes was appointed to the role of Chief Executive Officer on 11 June 2013.*
9. *Mr Reincke ceased employment as General Manager – Finance on 28 February 2013.*
10. *A discretionary cash bonus was approved by the Board during the year based on individual performance. No amount of available bonuses were forfeited through not meeting KPI's set.*

(b) Parent Entity Directors' and Executives' Remuneration and Entitlements (continued)

The aggregate fees paid to Non-Executive Directors during 2013 was $321,635 compared to the maximum limit approved by shareholders at the 2010 Annual General Meeting of $700,000.

All Company employees and contractors, Directors and Executives are subject to the Company's Share Trading Policy (available on the Company's website) with respect to limiting their exposure to risk in relation to the Company's securities, including securities issued as an element of Executive remuneration. The Company's Share Trading Policy requires all officers, employees and key consultants to the Company to notify the Chairman and Company Secretary of any intention to deal in the Company's securities, whether by sale or purchase of shares on market, or the exercise of options. The notified dealing is subject to the approval of the Chairman. In addition, and in accordance with ASX Listing Rule 12, the Company's trading policy provides that all Directors, officers and consultants are prohibited from trading in the Company's securities during specific periods. The Board considers that, in light of the size and structure of the Company and the absence of a secondary market for the Company's securities, this policy provides adequate protection against unauthorised dealings by Directors and Specified Executives, in particular in relation to risk mitigation.

(c) Shares and Options Issued or Lapsed during the Year

No share options were exercised by or granted to Directors and other KMP's as remuneration during the year. The table below discloses the number of share options which lapsed during the year.

31 December 2013	Year	Award date	Vesting date	No. lapsed during the year
M Janes	2008	21-Jul-08	20-Jul-10	100,000

(d) Contracts and Agreements

The Company is operating in an environment where there is significant competition for skilled staff and contractors. To help ensure project continuity, the following arrangements are currently in place.

The Company has employment or consultancy agreements with each KMP. Under the standard employment agreement, either party may terminate the agreement on the provision of an agreed notice period, or if terminated by the employer a payment in lieu of notice for a period no longer than the agreed notice period.

On termination, KMP are also entitled to receive statutory entitlements of accrued annual and long service leave plus superannuation benefits. Terramin observes the statutory entitlement limits on termination payments. There is no entitlement to a termination payment in the event of removal for misconduct.

Notice periods for relevant individuals are outlined below:

Mr M S Janes	2 months
Mr S Gauducheau	2 months
Mr J Ranford	6 months

There are no agreements with KMP that differ from the standard arrangements above.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Directors' and Officers' Liability Insurance has been secured to insure the Directors, officers and senior Executives of the Group to the extent permitted by the Corporations Act. The officers of the Company and the Group covered by the insurance policy includes any person acting in the course of duties for the Company or the Group who is or was a Director, secretary or senior Executive. The contract of insurance prohibits the disclosure of the nature of the liability covered and the amount of the premium.

The Group has not otherwise, during or since the end of the period, indemnified or agreed to indemnify an officer or auditor of the Group or any related body corporate against a liability incurred as such an officer or auditor.

NON-AUDIT SERVICES

No additional services were provided during the period by the Company's auditors, Grant Thornton Audit Pty Limited.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration for the year ended 31 December 2013 can be found on page 11 and forms part of the Directors' Report.

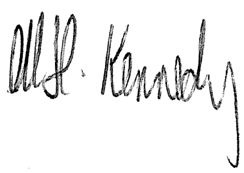
LITIGATION

As at the date of this report, no person has applied to the Court under section 237 of the Act for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company of all or any part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Act.

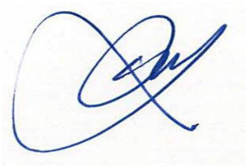
ROUNDING

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 in accordance with the class order, amounts in the financial reports have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in Adelaide this 26th day of February 2014 in accordance with a resolution of the Board of Directors.



Michael H Kennedy
Chairman



Kevin McGuinness
Director

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 15 to 39, and the remuneration disclosures contained in pages 5 to 9 of the Directors' Report, are in accordance with the Corporations Act 2001, and:

    (a) comply with Accounting Standards and the Corporations Regulations 2001; and

    (b) give a true and fair view of the financial position as at 31 December 2013 and of the performance for the year ended on that date of the Company and the economic entity;

2. the Chief Executive Officer and Financial Controller have each declared that:

    (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    (b) the financial statements and notes for the financial year comply with the Accounting Standards;

    (c) the declaration is provided in accordance with section 295A of the Corporations Act 2001 and is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks; and

    (d) the financial statements and notes for the financial year give a true and fair view;

3. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

4. the consolidated financial statements comply with International Financial Reporting Standards as disclosed in note 2(a).

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

Michael H Kennedy
Chairman
26 February 2014

Kevin McGuinness
Director
26 February 2014

Auditor's Independence Declaration

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF TERRAMIN AUSTRALIA LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Terramin Australia Limited for the year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 26 February 2014

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TERRAMIN AUSTRALIA LIMITED

Report on the financial report

We have audited the accompanying financial report of Terramin Australia Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Terramin Australia Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to Note 2(c) to the annual financial statements. The annual financial statements indicate that the consolidated entity incurred a net loss of $8.2 million for the year ended 31 December 2013 bringing accumulated losses to $156.4 million. As at 31 December 2013 the consolidated entity's current liabilities exceeded its current assets by $31.0 million.

As outlined in Note 2(c) the company has three separate issues of convertible notes totalling $33 million which are due to mature within the next 12 months. Management and the directors have commenced discussions with note holders regarding the existing terms and at the date of this report these discussions are on-going.

These conditions, as set out in Note 2(c), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the year financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Terramin Australia Limited for the year ended 31 December 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 26 February 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 31 December 2013

	Note	**2013 $'000**	2012 $'000
Revenue	4	**46,551**	71,412
Other income	4	**-**	6
Raw materials, consumables and other direct costs		**(36,895)**	(56,182)
Change in inventories of finished goods and WIP		**(4,471)**	(45)
Employee expenses		**(1,879)**	(4,457)
Depreciation and amortisation	10	**(8,662)**	(26,776)
Exploration and evaluation write down	11	**-**	(4,214)
Impairment of non-current assets	11	**-**	(33,532)
Write back of impairment losses	11	**5,565**	-
Other expenses		**(1,606)**	(3,236)
Loss before net financing costs and income tax		**(1,397)**	(57,024)
Finance income	6	**2,348**	1,884
Finance costs	6	**(9,160)**	(10,037)
Net finance costs		**(6,812)**	(8,153)
Loss before income tax		**(8,209)**	(65,177)
Income tax expense		**-**	-
Loss for the year		**(8,209)**	(65,177)
Attributable to:			
Owners of the Company		**(8,209)**	(65,177)
Non-controlling interest		**-**	-
Loss for the year		**(8,209)**	(65,177)
Other comprehensive income/(loss) Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**3,257**	(1,169)
Other comprehensive income/(loss) for the year, net of income tax		**3,257**	(1,169)
Total comprehensive loss for the year attributable to equity holders of the Company		**(4,952)**	(66,346)

Earnings per share attributable to the ordinary equity holders of the Company:

	Note	**2013**	2012
Basic earnings/(loss) per share - (cents per share)	26 (a)	**(0.99)**	(30.14)
Diluted earnings/(loss) per share - (cents per share)	26 (b)	**(0.99)**	(30.14)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Financial Position

for the Year Ended 31 December 2013

	Note	2013 $'000	2012 $'000
Assets			
Current assets			
Cash and cash equivalents	*7*	**4,799**	10,865
Trade and other receivables	*9*	**1,098**	6,233
Inventories	*8*	**1,647**	7,276
Other assets		**212**	317
Total current assets		**7,756**	24,691
Non-current assets			
Property, plant and equipment	*10(a)*	**8,833**	10,943
Exploration and evaluation	*10(b)*	**55,217**	47,374
Total non-current assets		**64,050**	58,317
TOTAL ASSETS		**71,806**	83,008
Liabilities			
Current liabilities			
Trade and other payables	*12*	**1,999**	11,697
Short term borrowings	*13*	**35,557**	36,373
Provisions	*14*	**1,196**	2,801
Derivative financial instruments	*22.1 (a) & (b)*	**-**	1,687
Total current liabilities		**38,752**	52,558
Non-current liabilities			
Loans and borrowings	*13*	**1,782**	10,420
Provisions	*14*	**5,508**	5,411
Total non-current liabilities		**7,290**	15,831
TOTAL LIABILITIES		**46,042**	68,389
NET ASSETS		**25,764**	14,619
Equity			
Share capital	*15*	**159,796**	143,699
Reserves	*16*	**5,782**	2,525
Accumulated losses		**(156,363)**	(146,620)
Total equity attributable to equity holders of the Company		**9,215**	(396)
Non-controlling interest	*17*	**16,549**	15,015
TOTAL EQUITY		**25,764**	14,619

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Change In Equity

for the Year Ended 31 December 2013

	Share capital $'000	Share option reserve $'000	Translation reserve $'000	Accumulated losses $'000	**Total $'000**	Non-controlling interest $'000	**Total equity $'000**
2013							
Balance at 1 January 2013	**143,699**	**8,966**	**(6,441)**	**(146,620)**	**(396)**	**15,015**	**14,619**
Total comprehensive income for the period							
Loss for the year	-	-	-	(8,209)	**(8,209)**	-	**(8,209)**
Other comprehensive income							
Foreign currency translation differences	-	-	3,257	-	**3,257**	-	**3,257**
Total other comprehensive income	-	-	3,257	-	**3,257**	-	**3,257**
Total comprehensive income for the year	-	-	3,257	(8,209)	**(4,952)**	-	**(4,952)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	16,908	-	-	-	16,908	-	16,908
Share issue costs	(811)	-	-	-	(811)	-	(811)
Total contributions by and distributions to owners	16,097	-	-	-	**16,097**	-	**16,097**
Changes in ownership interests in subsidiaries that do not result in a loss of control							
Non-controlling interest share of parent exploration expenditure	-	-	-	(1,534)	**(1,534)**	1,534	**-**
Total changes in ownership interests in subsidiaries	-	-	-	(1,534)	**(1,534)**	1,534	**-**
Balance at 31 December 2013	**159,796**	**8,966**	**(3,184)**	**(156,363)**	**9,215**	**16,549**	**25,764**
2012							
Balance at 1 January 2012	133,882	8,966	(5,272)	(81,508)	**56,068**	15,080	**71,148**
Total comprehensive income for the period							
Loss for the year				(65,177)	**(65,177)**		**(65,177)**
Other comprehensive income							
Foreign currency translation differences			(1,169)		**(1,169)**		**(1,169)**
Total other comprehensive income			(1,169)		**(1,169)**		**(1,169)**
Total comprehensive income for the year			(1,169)	(65,177)	**(66,346)**		**(66,346)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	10,458				**10,458**		**10,458**
Share issue costs	(641)				**(641)**		**(641)**
Total contributions by and distributions to owners	9,817				**9,817**		**9,817**
Changes in ownership interests in subsidiaries that do not result in a loss on control							
Non-controlling interest share of parent exploration expenditure				65	**65**	(65)	
Total changes in ownership interests in subsidiaries				65	**65**	(65)	
Balance at 31 December 2012	**143,699**	**8,966**	**(6,441)**	**(146,620)**	**(396)**	**15,015**	**14,619**

The Consolidated Statement of Change in Equity is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

for the Year Ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash from operating activities:			
Receipts from customers		**49,477**	72,658
Payments to suppliers and employees		**(48,583)**	(64,171)
Financing costs and interest paid		**(2,030)**	(3,641)
Interest received		**77**	96
Total cash (used in)/from operating activities	*19*	**(1,059)**	4,942
Cash flows from investing activities:			
Proceeds from the sale of fixed assets		**-**	54
Acquisition of property, plant and equipment		**542**	(1,770)
Mine construction & development expenditure		**(24)**	(525)
Exploration and evaluation expenditure		**(4,492)**	(2,762)
Net cash (used by) investing activities		**(3,974)**	(5,003)
Cash flows from financing activities:			
Proceeds from the issue of share capital		**14,094**	10,040
Payment of transaction costs on debt and/or equity		**(1,393)**	(261)
Realised derivative gains		**(592)**	1,026
Proceeds from borrowings		**5,800**	4,028
Repayment of borrowings		**(19,073)**	(11,307)
Net cash (used in)/from financing activities		**(1,164)**	3,526
Other activities:			
Net (decrease)/increase in cash and cash equivalents		**(6,197)**	3,465
Net foreign exchange differences		**131**	(102)
Cash and cash equivalents at beginning of year		**10,865**	7,502
Cash and cash equivalents at end of year	*7*	**4,799**	10,865

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the consolidated financial statements.

1. REPORTING ENTITY

The consolidated financial statements cover the consolidated entity of Terramin Australia Limited and its controlled entities (the Group). Terramin Australia Limited is a listed public company, incorporated and domiciled in Adelaide, Australia. The Group is primarily involved in the mining and development of, and exploration for, precious and base metals (in particular zinc and lead) and other economic mineral deposits.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian interpretations) issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB). Terramin Australia Limited is a for-profit entity for the purpose of preparing the financial statements.

Terramin Australia Limited is the Group's ultimate parent company. Terramin Australia Limited is a public company incorporated and domiciled in Australia. The address of its registered office is Level 3, 70 Hindmarsh Square, SA. 5000.

The financial report was authorised for issue by the Directors on 26 February 2014.

(b) Basis of Measurement

The financial statements are presented in Australian dollars (AUD) and have been prepared on an accruals basis and are based on historical costs, except for derivative financial instruments measured at fair value.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998. In accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(c) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During 2013, the Group incurred a loss of $8.2 million, bringing accumulated losses to $156.4 million. As at 31 December 2013 the Group's current liabilities exceeded its current assets by $31.0 million. The Group had net assets of $25.8 million.

As set out in Note 13 to the financial statements, current liabilities at 31 December 2013 include:

- Loans (Asipac) of $1.8 million; and
- Convertible notes of $33.0 million as follows:

	Due date	Carrying value A$m
Asipac	31 May 2014	16.8
Institutional Investor	31 July 2014	5.0
Transaminvest S.A.	23 September 2014	11.2
		33.0

The unlisted convertible notes held by Asipac can be converted at the discretion of the Group at or before maturity. Asipac have confirmed in writing that in the event that the Group is unable to repay the amount due under the Asipac notes at their maturity that they will negotiate in good faith with the Company to restructure the terms of the notes to accommodate the Group's financial requirements.

The Group has commenced discussions with the institutional investor with regard to the $5 million in unlisted convertible notes due on 31 July 2014. It is anticipated that the Group will be able to reach a commercial agreement with the noteholders for the renegotiation or extension of these notes. In the unlikely event that a commercial agreement not be reached, the settlement of these notes would require further equity raising or the realisation of exploration and evaluation assets.

The Group has the option to convert the 5 year unlisted convertible notes held by Transaminvest into shares should an alternative arrangement such as renegotiation or extension of the notes, not be reached.

The financial report has been prepared on a going concern basis on the expectation that the Group can raise additional equity when required. The Group's ability to raise equity will rely on investor confidence in the development of the Bird-in-Hand Project or that the $47.1 million investment in the Oued Amizour Zinc project can be realised through mining or sale. The realisation of the investment in the Oued Amizour project is dependent upon agreement being reached with the joint venture partner on the Definitive Feasibility Study (refer Note 10 (b)).

The Directors note that the matters outlined above indicate material uncertainty, which may cast significant doubt on the ability of the Group to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. At the date of this report, the Directors believe that the Group has adequate resources to continue to explore, evaluate and develop the Group's areas of interest and will ensure the Company has sufficient funds to meet its obligations. Subject to market conditions the Directors believe there are reasonable grounds to conclude that the Company will be able to raise funds by way of equity to fund anticipated activities and meet financial obligations. For the reasons outlined above, the Board has prepared the financial report on a going concern basis.

(d) Use of Estimates and Judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 3(g) – Ore reserves: estimates of the amount of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions.
- Note 3(i) - Exploration and Evaluation Expenditure: recoverable amount and ore reserve estimates.
- Note 3(l) - Share Based Entitlements and Payments: assumptions are required to be made in respect to measuring share price volatility, dividend yield, future option holding period and other inputs to the Trinomial model fair value calculations.
- Note 3(r) - Recognition of tax losses: assessment of the point in time at which it is deemed probable that future taxable income will be derived.

(e) New and Amended Standards Adopted by the Group

The accounting policies applied by the Group in the Consolidated Financial Statements are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 December 2012. In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period as shown below.

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128

2. BASIS OF PREPARATION (CONTINUED)

Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (effective 1 January 2013)

When these standards were first adopted for the year ended 31 December 2013, there was no impact on the transactions and balances recognised in the financial statements.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

There was no impact on the amounts recognised in the financial statements but has added additional disclosures in relation to assets and liabilities which are measured using fair values.

Revised AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The Group does not have any defined benefit plans. Therefore, these amendments had no impact on the Group.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group: The accounting standards that have not been adopted early for the year ended 31 December 2013, but will be applicable to the group in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the Group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group’s financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity’s business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).
- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows;

  The change attributable to changes in credit risk are presented in other comprehensive income (OCI) and the remaining change is presented in profit or loss.

There will be no impact on the Group’s accounting for financial assets or liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

The Standard amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB’s view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards. When these amendments are first adopted for the year ending 31 December 2014, they are unlikely to have any significant impact on the Group.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. When AASB 2012-3 is first adopted for the year ended 31 December 2014, there will be no impact on the Group as this standard merely clarifies existing requirements in AASB 132.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to AASB 136)

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When these amendments are adopted for the first time on 1 January 2014, they are unlikely to have any significant impact on the Group given that they are largely of the nature of clarification of existing requirements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2013. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 31 December.

All transactions and balances between the Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary’s profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between owners of the parent and non-controlling interests based on their respective ownership interests.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of four months or less.

(c) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. The cost of mining stocks include direct material, direct labour, transportation costs and a proportion of variable and fixed overhead costs relating to mining activities. Net realisable value is the amount to be obtained from the sale of the item of inventory in the normal course of business less the estimated costs of completion and any anticipated selling costs to be incurred prior to its sale.

(d) Trade and Other Receivables

Trade and other receivables are recognised at cost and carried at original invoice amount less allowances for impairment losses.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

(e) Property, Plant and Equipment

Property

Freehold land is measured at cost and buildings are measured at amortised cost.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses recognised.

The depreciable amount of all property, plant and equipment, excluding freehold land, is depreciated on either a diminishing value, straight line or units of use basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable asset is the lesser of the rate determined by the life of the mining operation and:

Class of Asset	Depreciation rates
Motor vehicles	22.5 - 25%
Computer & office equipment	15 - 40%
Plant and equipment	5 - 33%
Leasehold improvements	20%
Buildings and other infrastructure	5 - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Mining property and development

Mining property and development expenditure for the establishment of access to mineral reserves, together with expenditure transferred from exploration and evaluation and expenditure incurred in the commissioning of a mine are capitalised to the extent that the expenditure results in future benefits. These amounts are amortised, upon commencement of production, over the estimated economic reserve of the mine on a units of use basis.

Construction in progress

During the construction phase, self-constructed assets are classified as construction in progress within property, plant and equipment. Once commissioned these assets are reclassified to property, plant and equipment at which time they will commence being depreciated. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

(f) Impairment of Assets

Non-financial Assets

At each reporting date, the Group reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset is determined and compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised as an expense in the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised, with the exception that any previously impaired goodwill should not be re-recognised.

Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

Angas cash generating unit impairment test

In 2013, an independent valuation of the plant based on an estimated salvage value less costs to sell showed a realisable value to be greater than the previously calculated value in use (as determined through the method described below). As a result, the Group has reassessed the value of plant and equipment on the basis of realisable value.

An impairment test on the Angas CGU was undertaken as at 30 June 2012 and 31 December 2012 which was based on the realisable value methodology. An impairment expense was recognised at 30 June 2012, no further impairment was required at 31 December 2012. Value in use of the Angas CGU was based on the following key assumptions:

- Estimate of last ore processed in August 2013.
- Production based on the most recent reserve statement.
- Recognised analyst forecast assumptions for commodity prices and exchange rates have been applied in determining the cash flow estimates.

- Angas plant and equipment sales values.
- A pre-tax discount rate of 12.5%.

Recoverable Amount

In assessing whether the carrying amount of an asset is impaired, the asset's carrying value is compared with its recoverable amount. The recoverable amount of non-financial assets or cash-generating units (CGU) is the greater of their fair value or realisable value less costs to sell and value in use. In assessing fair value, or value in use, estimates and assumptions including the appropriate rate at which to discount cash flows, the timing of the cash flows, expected life of the relevant area of interest, exchange rates, commodity prices, ore reserves, future capital requirements and future operating performance are used. The recoverable amount of an asset or CGU will be impacted by changes in these estimates and assumptions which could result in an adjustment to the carrying amount of that asset or CGU.

(g) Ore Reserves

Economically recoverable ore reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The Group determines and reports ore reserves under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2004 edition (the JORC code). The determination of ore reserves includes estimates and assumptions about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in ore reserves impact the assessment of recoverability of exploration and evaluation assets, property, plant and equipment and intangible assets, the carrying amounts of assets depreciated on a units of production basis, provisions for site restoration and the recognition of deferred tax assets, including tax losses.

(h) Associates and Joint Ventures

Entities whose economic activities are controlled jointly by the Group and other ventures independent of the Group (joint ventures) are accounted for using the proportionate consolidation method, whereby the Group's share of the assets, liabilities, income and expenses is included line by line in the consolidated financial statements.

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

The carrying amount of the investments in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

(i) Exploration and Evaluation Expenditure

Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets (E&E assets) on an area of interest basis pending determination of the technical feasibility and commercial viability of the project. When a licence is relinquished or a project is abandoned, the related costs are recognised in the profit or loss immediately.

Tangible and intangible E&E assets that are available for use are depreciated (amortised) over their estimated useful lives. Upon commencement of production, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

E&E assets are assessed for impairment if (1) sufficient data exists to determine technical feasibility and commercial viability, and

(2) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment Note 3(f)). E&E assets are assessed for impairment when any of the following facts and circumstances exist:

- The term of the exploration license in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

E&E assets are transferred to Development assets once the technical feasibility and commercial viability of an area of interest can be demonstrated. E&E assets are assessed for impairment, and any impairment loss is recognised prior to being reclassified.

Pre-licence expenditure and expenditure deemed to be unsuccessful is recognised in the profit or loss immediately.

(j) Trade and Other Payables

Trade payables and other payables are stated at cost.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Site restoration liability

A provision is recognised for the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during operation of the Angas Zinc Mine up to reporting date but not yet rehabilitated. The provision is based upon current cost estimates and has been determined on a discounted basis with reference to current legal requirements and technology. As the provision represents the discounted value of the present obligation, using a pre-tax rate that reflects current market assessments and the risks specific to the liability, the increase in value of the provision due to the passage of time will be recognised as a borrowing cost in the profit or loss in future periods. The provision is recognised as a non-current liability (in line with the expected timescales for the work to be performed), with a corresponding asset taken to account and amortised over the life of the mine. At each reporting date the rehabilitation liability is reviewed and re-measured in line with changes in discount rates and timing and the amounts of the costs to be incurred based on area of disturbance at reporting date. Changes in the liability relating to the re-assessment of rehabilitation estimates are added to or deducted from the related asset.

Redundancy provision is made for the Group's liability for redundancy payments which have fallen due as a result of closure of the Angas Zinc Mine.

(l) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share Based Payments

The Group uses share options to provide incentives to Directors, employees and consultants. During 2013 no additional options were issued to employees of the Group under the Terramin Australia Limited Employee Option Plan (EOP). The Board, upon the recommendation of senior management, has discretion to determine the number of options to be offered to Eligible Employees (as that term is defined by the EOP) and the terms upon which they are offered, including exercise price and vesting conditions. The fair value of options at grant date is independently determined using a Trinomial option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate. The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised as an expense over the period during which the Directors, employees or consultants become unconditionally entitled to the options.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital.

(m) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (refer Notes 13 and 27). Finance leases are capitalised at lease inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included as loans and borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the lesser of the asset’s useful life and the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

An onerous lease contract arises when the unavoidable costs exceed the benefits expected to be generated by the contract. Where onerous leases are identified a provision for the present value of future payments is recognised.

(n) Loans and Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, loans and borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the profit or loss over the period of the borrowings on an effective interest basis. Loans and borrowings with a determinable payment due less than twelve months from reporting date are classified as current liabilities.

(o) Financing Costs

Financing costs include interest payable on borrowings calculated using the effective interest method, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges, mark to market of USD denominated monetary assets and liabilities, and the impact of the unwind of discount on long-term provisions for site restoration.

Financing costs incurred in relation to the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other financing costs are expensed as incurred.

(p) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. The consolidated financial statements are presented in AUD, which is the Group’s functional and presentation currency. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Foreign currency differences are recognised in the profit or loss.

The assets and liabilities of foreign operations are translated to AUD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to AUD at exchange rates at the dates of the transactions. These foreign currency differences at the reporting date are recognised directly in equity.

(q) Share Capital

Ordinary shares are classified as equity. Qualifying transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(r) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is credited in the profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Determination of future tax profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgements about commodity prices, ore reserves (Note 3(g)), exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

The Group is part of an income tax consolidated group under the Australian Tax Consolidation Regime.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(t) Revenue

Revenue from commodity sales is recognised when the risks and rewards of ownership have been transferred to the buyer, the quantity of the goods has been reasonably accurately determined, the price is determinable and recovery of consideration is probable. This is generally when title to the goods transfers to the buyer.

Commodity sales are recognised net of all discounts and pricing adjustments, refining and distribution costs as applicable based on either fixed or provisional pricing and assays. Commodity sales contracts allow for provisional prices and assays to be estimated where metal prices or final assays are not able to be established until future periods.

Revenue on provisional commodity sales is adjusted in future periods as final pricing and assays are confirmed.

Under arrangements in place through the contract for the sale of concentrates up until the final shipment following closure of the mine, the Company had a limited option to request early payment for concentrates against a warehouse receipt. Although some of the criteria under AASB 118 are satisfied (it is probable that delivery will be made and the concentrate is on hand, identified and ready for delivery), the holding of the concentrates was at the request of the seller and not the buyer, and usual payment terms do not apply. Accordingly, proceeds received from the early payment option were treated as unearned income until such time that the concentrate was shipped and the usual characteristics of revenue recognition were satisfied.

(u) Derivatives

Commodity and foreign exchange hedging in fixed forward contracts are utilised to reduce short term exposure to commodity and foreign exchange.

These derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured to fair value. The method of recognising the changes in fair value subsequent to initial recognition is dependent on whether the derivative is designated as a hedging instrument, the nature of the underlying item being hedged and whether the arrangement qualifies for hedge accounting.

The Group has not designated the derivative contracts entered into during the period as hedges for accounting purposes. As such, changes in fair value of hedges are recognised immediately in the statement of profit or loss and other comprehensive income and are included in finance income or costs.

(v) Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises convertible notes and share options granted to employees, Directors, consultants and other third parties.

(w) Segments

The consolidated entity has identified its operating segments to be its Australian interests and its International Northern African interests, based on the different geographical regions and the similarity of assets within those regions. This is the basis on which internal reports are provided to management for assessing performance and determining the allocation of resources within the consolidated entity.

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those segments operating in other economic environments.

Segment information is presented only in respect of the Group's geographical segments, being Australia and Northern Africa, which is the basis of the Group's internal reporting.

(x) Compound Financial Instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at either the option of the holder or the Company where the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not include an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the debt component. Subsequent to recognition, the liability component is measured on the amortised cost basis until extinguished on conversion or redemption. The equity component is not re-measured.

(y) Financial Risk Management

The Group's activities expose it to the following risks from the use of financial instruments:

Credit Risk

The risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from the Group's product sales, short term cash investments and derivatives.

Liquidity Risk

The risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages this exposure by targeting to have sufficient cash financing facilities available on demand to meet planned expenditure for a minimum period of 45 days (refer Note 13 for detail on available financing facilities).

Market Risk

The risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Group's income or value of its holdings of financial instruments. The Group may enter into commodity derivatives, foreign exchange derivatives and may also incur financial liabilities (debt), in order to manage market risks. All such transactions are carried out within Board approved limits.

The Group's financial risks are managed primarily by the Chief Executive Officer, including external consultation advice as required, as a part of the day-to-day management of the Group's affairs.

Finance and risk reporting is a standard item in the report presented at each Board meeting.

Specific details of how these risk exposures impact the Group, and the use of derivative financial instruments to hedge market risk, is provided in Note 22 to the consolidated financial statements.

Capital Management

The Board seeks to maintain a strong capital base sufficient to maintain the future development of the Group's business. The Board closely monitors the Group's level of capital so as to ensure it is appropriate for the Group's planned level of activities. There were no changes to the Group's approach to capital management during the year.

(z) Forward Exchange Contracts

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

4. REVENUE AND OTHER INCOME

	2013 $'000	2012 $'000
Revenue:		
Sale of concentrate	**46,551**	71,412
	46,551	71,412
Other Income:		
Rent, hire & office services	**-**	6
	-	6

5. AUDITOR'S REMUNERATION

	2013 $	2012 $
Grant Thornton:		
Audit and review of financial reports	**112,000**	-
KPMG:		
Audit and review of financial reports	**-**	200,500
Other services in relation to due diligence	**-**	3,000
	112,000	203,500

6. FINANCE INCOME AND COSTS

	2013 $'000	2012 $'000
Finance income:		
Interest income	**81**	77
Foreign exchange and commodity hedging gains	**2,267**	1,807
	2,348	1,884
Finance costs:		
Interest on convertible notes	**1,208**	1,188
Interest on borrowings	**1,062**	2,220
Unwinding of discount on mine rehabilitation provision	**133**	215
Other borrowing costs	**1,851**	2,371
Foreign exchange and commodity hedging losses	**4,906**	4,043
	9,160	10,037

7. CASH AND CASH EQUIVALENTS

	2013 $'000	2012 $'000
Cash on hand	**3**	3
Bank balances	**1,040**	7,073
Short-term deposits	**3,756**	3,789
	4,799	10,865

Bank balances include $0.1 million which is restricted under the terms of an operating lease agreement.

8. INVENTORIES

	2013 $'000	2012 $'000
Raw materials and consumables (at cost)	**1,647**	2,805
Work in progress - ore run of mine (at net realisable value/cost)	**-**	311
Finished goods (at net realised value/cost)	**-**	4,160
Total inventories at the lower of cost and net realisable value	**1,647**	7,276

At 31 December 2013, the write-down of inventories to net realisable value amounted to $nil (2012: $266,000).

9. TRADE AND OTHER RECEIVABLES

	2013 $'000	2012 $'000
Trade receivables	**1,006**	5,723
Accrued interest receivable	**9**	4
Other receivables	**83**	506
	1,098	6,233

1. *Trade receivables relate to sales of concentrate.*

At 31 December 2013, there are no trade receivables which are past their trading terms.

10. (a) PROPERTY PLANT AND EQUIPMENT

	2013 $'000	2012 $'000
Freehold land:		
At cost	2,819	2,819
Total freehold land	2,819	2,819
Leasehold improvements:		
At cost	56	56
Less accumulated depreciation	(56)	(53)
Total leasehold improvements	-	3
Buildings and other infrastructure:		
At cost	126	114
Less accumulated depreciation	(112)	(100)
Total buildings and other infrastructure	14	14
Plant and Equipment:		
At cost	71,763	70,537
Less accumulated impairment	(14,219)	(19,784)
Less accumulated depreciation	(51,544)	(47,288)
Total plant and equipment	6,000	3,465
Mining property and development assets:		
At cost	59,195	59,171
Less accumulated impairment	(13,748)	(13,748)
Less accumulated depreciation	(45,447)	(41,359)
Total mining property and development assets	-	4,064
Construction in progress:		
At cost	-	237
Total construction in progress	-	237
Mine rehabilitation assets:		
At cost	4,059	4,059
Less accumulated depreciation	(4,059)	(3,718)
Total mine rehabilitation assets	-	341
Total property plant and equipment	8,833	10,943

10. (b) EXPLORATION AND EVALUATION ASSETS

	2013 $'000	2012 $'000
Exploration and evaluation		
At cost	**59,431**	51,588
Less impairment	**(4,214)**	(4,214)
Total exploration and evaluation	**55,217**	47,374

	2013 $'000	2012 $'000
Exploration and evaluation assets by location		
Oued Amizour Project (Terramin 65%)	**47,114**	42,640
Adelaide Hills Project (Terramin 100%)	**1,077**	253
Bird-in-Hand Gold Project (Terramin Exploration Pty Ltd 100%)	**2,425**	-
Menninnie Zinc Project (Menninnie Metals Pty Ltd 100%, farm-out joint venture)	**4,601**	4,481
Total exploration and evaluation	**55,217**	47,374

The Oued Amizour asset is held by WMZ, an entity controlled by the Group.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively sale of the respective area of interest, and continuity of the JV Agreement with its Algerian partner. The Oued Amizour exploration license expired on 26 August 2011. This license is required to undertake additional drilling on the site. The Group is liaising with Agence Nationale du Patrimoine Minier, the Algerian regulator, who has advised that the renewal of the exploration permit will be finalised upon an agreement being reached with the JV partner on the DFS.

In May 2013 the Company informed Terramin's joint venture partner, ENOF and the Algerian government that it was commencing arbitration proceedings pursuant to the joint venture agreement dated 22 February 2006 (JV Agreement). Subsequent to this, a number of discussions have taken place in Algeria which have highlighted that all parties are keen to progress the project and as a result of these meetings, a Technical Cooperation Agreement has been entered into with NFC under which NFC will review the DFS and the issues raised by ENOF in respect of this. Terramin, ENOF and NFC have agreed to undertake a technical workshop in early 2014 to determine the work plan for NFC. NFC has also agreed to update the DFS to reflect the outcomes of their review. As a result of this, Terramin and its Algerian joint venture partner have agreed to suspend the arbitration proceedings.

10. (a) AND (b) *CONTINUED*
Movements in carrying amounts

	Freehold land $'000	Leasehold improve-ments $'000	Buildings and other infrastructure $'000	Plant and equipment $'000	Mining property and development $'000	Construction in progress $'000	Exploration and evaluation $'000	Mine rehabilitation assets $'000	Total $'000
Opening carrying amount 1 Jan 2013	2,819	3	14	3,465	4,064	237	47,374	341	58,317
Additions	-	-	12	-	-	1,087	4,491	-	5,590
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	1,300	24	(1,324)	-	-	-
Depreciation and amortisation	-	(3)	(12)	(4,218)	(4,088)	-	-	(341)	(8,662)
Impairment	-	-	-	5,565	-	-	-	-	5,565
Foreign currency movement				(112)	-	-	3,352	-	3,240
Carrying amount at the end 31 Dec 2013	**2,819**	**-**	**14**	**6,000**	**-**	**-**	**55,217**	**-**	**64,050**

	Freehold land $'000	Leasehold improve-ments $'000	Buildings and other infrastructure $'000	Plant and equipment[1] $'000	Mining property and development $'000	Construction in progress $'000	Exploration and evaluation $'000	Mine rehabilitation assets $'000	Total $'000
Opening carrying amount 1 Jan 2012	2,819	11	67	34,103	30,334	460	50,605	2,166	120,565
Additions	-	-	-	-	-	2,252	1,893	-	4,145
Disposals	-	-	-	(123)	-	-	-	(638)	(761)
Transfers	-	-	-	1,950	525	(2,475	-	-	-
Depreciation and amortisation	-	(8)	(53)	(12,481)	(13,047)	-	-	(1,187)	(26,776)
Impairment	-	-	-	(19,784)	(13,748)	-	(4,214)	-	(37,746)
Foreign currency movement				(200)	-	-	(910)	-	(1,110)
Carrying amount at the end 31 Dec 2012	**2,819**	**3**	**14**	**3,465**	**4,064**	**237**	**47,374**	**341**	**58,317**

1. *Plant and equipment includes assets located at the Menninnie Zinc Project, subject to a farm-out joint venture arrangement with Musgrave.*

Finance Loans

The carrying value of plant and equipment and mining property subject to finance loans and hire purchase contracts at 31 December 2013 was $913,000 (2012: $1,559,000). Additions during the year include $Nil (2012: $966,000) of plant and equipment and mining property under finance loans and hire purchase contracts. Assets under hire purchase contracts are pledged as security for the related finance loans and hire purchase liabilities. All other Company assets are subject to a first ranking security interest in respect of the guarantee facility provided by Investec, the $2.0 million Asipac loan and the unlisted convertible notes held by Asipac. All Terramin Exploration assets are subject to a first ranking security interest relating to the $1.8 million Asipac debt facility.

11. IMPAIRMENT LOSSES

During the year ended 31 December 2012, changes were made to the mine plan as a result of a revised estimate of Angas Ore Reserves and Mineral Resources which showed a reduction of mineral reserves resulting from mining depletion and the impact of lower forecast AUD commodity prices on the economic cut-off grade. Due to this change, total impairment charges of $33.5 million were recognised in respect of mining property and development and associated plant and equipment at the Angas Zinc Mine. In January 2013, an independent valuation of the plant based on an estimated salvage value less costs to sell showed a realisable value to be greater than the calculated value in use. As a result, the Group has reassessed the value of the plant and equipment and $5.6 million of the initially recognised impairment was reversed in 2013. This is shown separately in the statement of profit or loss and other comprehensive income.

During the year ended 31 December 2012, impairment losses of $4.2 million were recognised in relation to the exploration and evaluation assets held in the Fleurieu region. The impairment was triggered for accounting purposes due to a lack of active and significant exploration activities occurring. Due to exploration work undertaken in 2013, no further impairment is required.

12. TRADE AND OTHER PAYABLES

	2013 $'000	2012 $'000
Trade payables	**438**	4,320
Other payables and accrued expenses	**1,561**	7,377
	1,999	11,697

Trade and other payables are normally non-interest bearing and are settled on 30 days end of month terms.

13. BORROWINGS

	2013 $'000	2012 $'000
Current:		
Lease liabilities (Note 27)[1]	**786**	1,550
Loans - secured [2]	**1,774**	15,328
Convertible notes [3]	**32,997**	19,495
	35,557	36,373
Non-current:		
Lease liabilities (Note 27)	**4**	790
Loans - secured [2]	**1,778**	-
Convertible notes	**-**	9,630
	1,782	10,420
Financing facilities		
Loan facilities - available	**3,800**	15,523
Loan facilities - undrawn	**-**	-
Loan facilities - drawn	**3,800**	15,523
Less: unamortised transaction costs	**(248)**	(195)
Carrying amount at 31 December	**3,552**	15,328
Guarantee facility - available [4]	**5,315**	5,600
Guarantee facility - undrawn	**-**	(285)
Guarantee facility - drawn	**5,315**	5,315

1. *Lease liabilities are effectively secured as rights to the leased assets revert to the lessor in the event of default.*
2. *At reporting date, the Group had drawn down $3.8 million of 2 loan facilities provided by Asipac. Interest is payable half yearly on the facility and is fixed at a base rate of 7%.*
3. *Asipac hold US$15.05 million ($16.8 million) in five year unlisted convertible redeemable notes issued by the Group with a maturity date of 31 May 2014. The notes can be converted to shares at the discretion of the Company at any time, or at the election of Asipac. Any unconverted notes are to be repaid in cash at maturity. Interest is payable semi-annually based on the London Interbank Offered Rate (LIBOR) plus a margin of 200 basis points and can be paid in cash or shares at the election of the Group. The USD balance owing has been translated to AUD equivalents using the spot currency rate at 31 December 2013, which has given rise to an unrealised foreign currency exchange loss of $2.3 million for the year. A total of 10,215,650 shares were issued during the year to Asipac in lieu of a cash interest payment of $0.2 million.*

   An institutional investor holds $5 million in five year unlisted convertible notes issued by the Group with a maturity date of 31 July 2014. The note holder has the right to convert the notes into fully paid ordinary shares in the capital of the Company at a conversion price of $2.21 per note. The interest rate is fixed at 8.00% per annum, with interest payable in cash or shares at the discretion of the Group.

   Transaminvest S.A. hold US$10 million ($11.2 million) in 5 year unlisted convertible redeemable notes issued by the Group with a maturity date of 23 September 2014. The notes are repayable in either cash or shares with reference to the volume weighted average price (VWAP) of the Company's shares around the time of repayment. The notes can be converted to shares at the discretion of the Company at any time. The notes can be converted at the election of Transaminvest S.A. subject to a minimum VWAP of $1.70. Interest is payable semi-annually based on the LIBOR plus a margin of 200 basis points and can be paid in cash or shares at the election of the Group. The USD balance owing has been translated to AUD equivalents using the spot currency rate at 31 December 2013, which has given rise to an unrealised foreign exchange loss of $1.5 million for the year.
4. *A $5.3 million guarantee facility has been provided by Investec in relation to rehabilitation bonds required by DMITRE over the ML 6229.*

14. PROVISIONS

	2013 $'000	2012 $'000
Current:		
Employee benefits	**594**	2,801
Onerous lease	**602**	-
	1,196	2,801
Non-current:		
Employee benefits	**62**	214
Mine rehabilitation	**5,329**	5,196
Onerous lease	**117**	-
	5,508	5,411

	Employee benefits $'000	Mine rehabili-tation $'000	Onerous leases $'000	Total $'000
At 1 January 2013	**3,015**	**5,197**	**-**	**8,212**
Increases in provisions	1,914	-	719	2,633
Unused amounts reversed	(248)	-	-	(248)
Paid during the period	(4,025)	-	-	(4,025)
Unwind	-	132	-	132
At 31 December 2013	**656**	**5,329**	**719**	**6,704**

The mine rehabilitation provision is recognised for the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during operation of the Angas Zinc Mine up to reporting date but not yet rehabilitated. The provision is based upon current cost estimates and has been determined on a discounted basis with reference to current legal requirements and technology. The provision has been calculated using a risk free discount rate of 2.5% (2012: 2.61%). The rehabilitation is expected to occur following the processing of ore from the Bird-in-Hand gold mine subject to regulatory approvals.

A provision for an onerous lease has been recognised to reflect the present value of future contract costs which are required to be made. The benefits expected to be generated by the lease contract are outweighed by the future costs.

15. ISSUED CAPITAL

(a) Ordinary shares

	2013 $'000	2012 $'000
1,245,051,770 (2012: 718,881,339)		
Ordinary shares	**164,603**	147,695
Share issue costs	**(4,807)**	(3,996)
	159,796	143,699

The holders of ordinary shares are entitled to one vote per share at meetings of the Company and participation in dividends declared. All issued shares are fully paid.

(b) Detailed table of capital issued during the year

Type of Share Issue	Date of Issue	Number of Ordinary Shares on issue	Issue Price $	Share Capital $'000
Opening balance 1 January 2013		**718,881,339**		**143,699**
Shares issued in lieu of interest	26/02/2013	9,309,196	0.02	208
Share placement	6/03/2013	41,523,066	0.02	1,000
Shares issued in lieu of interest	18/03/2013	6,015,613	0.02	137
Share placement	28/03/2013	13,452,914	0.02	300
Shares issued in lieu of interest	10/09/2013	10,215,650	0.02	186
Shares issued in lieu of interest	10/09/2013	5,970,069	0.02	123
Share placement	25/11/2013	25,000,000	0.02	500
Rights Issue	25/11/2013	402,683,923	0.04	14,094
Share placement	24/12/2013	12,000,000	0.03	360
Closing balance 31 December 2013		**1,245,051,770**		**160,607**
Share issue costs				(811)
Issued Capital				**159,796**

Type of Share Issue	Date of Issue	Number of Ordinary Shares on issue	Exercise Price $	Share Capital $'000
Opening balance 1 January 2012		**210,800,124**		**133,882**
Share placement	21/05/2012	105,950	0.23	24
Shares issued in lieu of interest	21/05/2012	1,412,131	0.14	198
Shares issued in lieu of interest	28/08/2012	4,579,001	0.04	197
Share placement	23/11/2012	15,000,000	0.02	300
Rights Issue	31/12/2012	486,984,133	0.02	9,739
Closing balance 31 December 2012		**718,881,339**		**144,340**
Share issue costs				(641)
Issued Capital				**143,699**

16. RESERVES

	2013 $'000	2012 $'000
Foreign currency translation reserve		
Balance at the beginning of the year	**(6,441)**	(5,272)
Adjustment arising on translation into presentation currency	**3,257**	(1,169)
Balance at the end of the year	**(3,184)**	(6,441)
Share option reserve		
Balance at the beginning of the year	**8,966**	8,966
Balance at the end of the year	**8,966**	8,966
Total reserves	**5,782**	2,525

1. *Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.*
2. *Share option reserve is used to recognise the value of equity-settled share-based payment transactions, including employees and KMP, as part of their remuneration.*

17. NON-CONTROLLING INTEREST

	2013 $'000	2012 $'000
Balance at the beginning of the year	**15,015**	15,080
Share of movement in net assets	**1,534**	(65)
Balance at the end of the year	**16,549**	15,015

Movement in non-controlling interest in 2013 relates to the 35% minority interest (ENOF 32.5% and ORGM 2.5%) in exploration and evaluation costs for the Oued Amizour Project funded directly by the Group through its 65% shareholding in WMZ. During 2013, the Group funded approximately $1.2 million of exploration and evaluation costs in WMZ, of which ENOF and ORGM are entitled to $0.49 million (35%). The remainder of the movement is in relation to foreign exchange changes. 35% of all assets contributed to WMZ by the Group effectively accrue to ENOF and ORGM for nil consideration (other than forming part of the Group's 65% earn-in) and has therefore been included in movement in net assets attributable to the non-controlling interest.

18. INCOME TAX EXPENSE

	2013 $'000	2012 $'000
Prima facie tax benefit on loss before income tax at 30% (2012: 30%)	**(2,463)**	(19,553)
Decrease in income tax benefit due to:		
(Deductible)/non-deductible items	**777**	136
	(1,686)	(19,418)
Deferred tax asset not brought to account	**(1,686)**	19,417
Income tax expense	**-**	-
Unused tax losses for which no deferred tax asset has been recognised	**127,590**	110,962
Potential tax benefit	**38,277**	33,289
The applicable weighted average effective tax rates are as follows:	**30%**	30%

The Company is part of an Australian Tax Consolidated Group. The Australian Tax Consolidated Group has potential deferred tax assets of $39.3 million (net of deferred tax liabilities in relation to mine development of $nil (2012: $1 million) and exploration expenditure of $2.4 million (2012: $1.4 million) and deferred tax assets in relation to property, plant and equipment of $1.8 million (2012: deferred asset of $2.3 million) not shown above) calculated at 30% attributable to tax losses and temporary differences carried forward. These have not been brought to account because the Directors do not consider the realisation of the deferred tax asset as probable. The benefit of these tax losses will be obtained if:

- the Australian Tax Consolidated Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be realised;
- the Australian Tax Consolidated Group can comply with the conditions for deductibility imposed by tax legislation; and
- no changes in the income tax legislation adversely affect the Australian Tax Consolidated Group in realising the benefit from the deduction of the loss.

19. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss from ordinary activities after income tax:

	2013 $'000	2012 $'000
Loss for the period	**(8,209)**	(65,178)
Adjustment for:		
Depreciation and amortisation	**8,662**	26,776
Unrealised (gain)/loss on foreign exchange	**3,824**	(636)
Unrealised derivative (gain)/loss	**(1,687)**	2,704
Realised derivative (gain)/loss	**592**	(1,026)
Non-cash inventory movements	**1,305**	1,058
Write back of impairment losses	**(5,565)**	-
Impairment of non current assets	**-**	37,746
Shares issued in lieu of interest	**518**	395
(Profit)/Loss on sale of fixed assets	**-**	69
Realised foreign exchange (gain)/loss	**(131)**	102
Net financing costs	**1,514**	1,934
Other	**(6)**	9
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**5,182**	339
(Increase)/decrease in inventory	**4,322**	(384)
(Increase)/decrease in prepayments	**98**	(259)
(Decrease)/increase in trade payables and accruals	**(7,979)**	(1,310)
(Decrease)/increase in provisions	**(1,639)**	1,340
(Decrease)/increase in unearned income	**(1,860)**	1,263
Cashflow (used in)/from operating activities	**(1,059)**	4,942

20. RELATED PARTIES

(a) Key management personnel – options and rights over equity instruments

The movement during the reporting period in the number of ordinary shares or options over ordinary shares in Terramin Australia Limited by each KMP is as follows:

	Share balance 1/01/2013	Options balance 1/01/2013	Share acquired during year	Options granted as incentive	Shares disposed of during year	Options exercised	Options cancelled	Balance options 31/12/2013	Balance shares 31/12/2013
Parent Entity Directors									
MH Kennedy	1,250,689	-	625,345	-	-	-	-	-	1,876,034
A Siciliano [1]	-	-	3,750,000	-	-	-	-	-	3,750,000
K McGuinness[1]	-	-	-	-	-	-	-	-	-
F Sheng [1]	276,297,425	-	268,852,509	-	-	-	-	-	545,149,934
Y Xie	-	-	-	-	-	-	-	-	-
P Zachert [2]	500,000	-	-	-	-	-	-	-	-
NM Clift [3]	-	300,000	-	-	-	-	-	-	-
Other Key Management Personnel									
MS Janes[4]	10,000	350,000	-	-	-	-	(100,000)	250,000	10,000
JF Ranford	-	-	-	-	-	-	-	-	-
SD Reincke [5]	15,119	-	-	-	-	-	-	-	-
SD Gauducheau	80,847	40,000	102,924	-	-	-	-	40,000	183,771
Total	**278,154,080**	**690,000**	**273,330,778**	-	-	-	**(100,000)**	**290,000**	**550,969,739**

1. *Mr Siciliano, Mr McGuinness and Mr Sheng were appointed as non-executive directors in the year.*
2. *As Mr Zachert was not a director as at 31 December 2013, his shareholdings at that date have not been disclosed.*
3. *As Mr Clift was not a director as at 31 December 2013, his shareholdings at that date have not been disclosed.*
4. *Mr Janes was appointed as Chief Executive Officer in the year.*
5. *As Mr Reincke was no longer employed by the Company as at 31 December 2013, his shareholdings at that date have not been disclosed.*

	Share balance 1/01/2012	Options balance 1/01/2012	Share acquired during year	Options granted as incentive	Shares disposed of during year	Options exercised	Options cancelled	Options vested and exercisable 31/12/2012	Balance shares 31/12/2012
Parent Entity Directors									
RB Davis [1]	134,918	-	-	-	-	-	-	-	-
NM Clift	-	300,000	-	-	-	-	-	300,000	-
KC Moriarty[2]	9,026,313	-	-	-	-	-	-	-	-
SAJ Bonett [3]	250,000	-	-	-	-	-	-	-	-
MH Kennedy	403,448	-	847,241	-	-	-	-	-	1,250,689
P Zachert	123,448	-	376,552	-	-	-	-	-	500,000
Y Xie	-	-	-	-	-	-	-	-	-
Other Key Management Personnel									
RB Howie [4]	76,886	100,000	-	-	-	-	-	-	-
MJ Terry [5]	-	290,000	-	-	-	-	150,000	-	-
J Burgess	-	300,000	-	-	-	-	300,000	-	-
IJ Holman [6]	-	-	-	-	-	-	-	-	-
JF Ranford	-	-	-	-	-	-	-	-	-
SD Reincke	4,877	-	10,242	-	-	-	-	-	15,119
SD Gauducheau	16,886	40,000	63,961	-	-	-	-	40,000	80,847
Total	**10,036,776**	**1,030,000**	**1,297,996**	**-**	**-**	**-**	**450,000**	**340,000**	**1,846,655**

1. *As Mr Davis was not a director as at 31 December 2012, his shareholdings at that date have not been disclosed.*
2. *As Dr Moriarty was not a director as at 31 December 2012, his shareholdings at that date have not been disclosed.*
3. *As Mr Bonett was not a director as at 31 December 2012, his shareholdings at that date have not been disclosed.*
4. *As Mr Howie was no longer employed by the Company as at 31 December 2012, his shareholdings at that date have not been disclosed.*
5. *As Mr Terry was no longer employed by the Company as at 31 December 2012, his shareholdings at that date have not been disclosed.*
6. *As Mr Holman was no longer employed by the Company as at 31 December 2012, his shareholdings at that date have not been disclosed.*

20. RELATED PARTIES *(CONTINUED)*

(b) Key management personnel compensation

Summary of KMP compensation:

	2013	2012
Short-term employee benefits	**1,358,432**	1,212,872
Post-employment benefits	**105,823**	97,458
Termination benefits	**85,333**	-
	1,549,588	1,310,330

Information regarding the compensation of individual Directors and KMP and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report on pages 5 to 9.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to KMP. Amounts paid to KMP from prior years have been excluded from this table.

(c) Other director and key management personnel transactions

Some KMP, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

These entities transacted with the Group in the reporting period. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arms length basis.

The value of transactions relating to KMP and entities over which they have control or significant influence were as follows:

Directors fees outstanding as at 31 December

	2013	2012
A Siciliano [1]	**15,000**	-
K McGuinness [1]	**5,833**	-
F Sheng [1]	**9,999**	-
Y Xie [1]	**3,333**	3,333
P Zachert [2]	**-**	-
	34,165	3,333

1. *Mr Siciliano, Mr McGuinness, Mr Sheng and Mr Xie are Non-Executive Directors of the Company.*
2. *Mr Zachert was a Non-Executive Director of the Company until his retirement on 30 April 2013.*

(d) Other transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Entities with significant influence over the Group

Asipac together with Wanshe Holdings Pty Limited (Wanshe) own 43.8% of the ordinary shares in Terramin (2012: 37.61%) and are controlled by Mr F Sheng who is a Non-Executive director of the Company. Mr A Siciliano is the Chief Financial Officer of Asipac. Wanshe is a shareholder only. Asipac has had the following transactions in the year:

	Asipac	
	2013 $'000	2012 $'000
Borrowings as at 1 January	**14,493**	-
Convertible notes acquired during the year [1]	**-**	14,493
Foreign exchange movement on convertible notes	**2,326**	-
Loans advanced during the year	**5,800**	-
Loan repayments in the year	**(2,000)**	-
Borrowings as at 31 December	**20,619**	14,493
Fees in relation to provision of underwriting services	**705**	514
Loan facility fees paid	**135**	-
Interest paid/payable	**532**	-
Amounts owed at year end	**334**	514
Interest paid in shares in the year	**186**	-

Other transactions

During the year the Group entered into a consultancy agreement with NFC, the company of which Mr Xie Yaheng is Vice-President. 12,000,000 shares with a fair value of $360,000 were issued to NFC in the year as payment for this work.

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

There are no other related party transactions.

21. FINANCIAL INSTRUMENTS

The Group is exposed to market risk in the form of commodity price risk, foreign currency exchange risk, and interest rate risk. The carrying value of the financial assets and liabilities of the Group, together with the equity and profit or loss impact during the period (if any), that are affected by market risk are categorised as follows:

	Note	**2013 $'000**	2012 $'000
Current			
Cash and cash equivalents	7	**4,799**	10,865
Receivables	9	**1,098**	6,233
Payables and accruals	12	**(1,999)**	(11,697)
Financial liabilities at amortised cost	13	**(37,339)**	(46,794)
Financial liabilities at fair value through profit and loss	21	**-**	(1,687)
		(33,441)	(43,080)

Fair value

The fair values of the financial assets and liabilities of the Group are equal to the carrying amount in the accounts (as detailed previously). In the case of loans and borrowings it is considered that the variable rate debt and associated credit margin is in line with current market rates and therefore is carried in the accounts at fair value.

21. FINANCIAL INSTRUMENTS
(CONTINUED)

The following table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2013 $'000	2012 $'000
Level 1		
Financial assets at fair value through profit and loss	-	-
Financial liabilities at fair value through profit and loss	-	-
	-	-
Level 2		
Financial assets at fair value through profit and loss	-	-
Financial liabilities at fair value through profit and loss	-	(1,687)
	-	(1,687)
Level 3		
Financial assets at fair value through profit and loss	-	-
Financial liabilities at fair value through profit and loss	-	-
	-	-
Total	-	**(1,687)**

22. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans, convertible notes and trade and other payables. The main purpose of these financial instruments is to finance the Group's operations. The Group has various financial assets such as accounts receivable and cash and short-term deposits, which arise directly from operations.

The Group manages its exposure to key financial risks in accordance with the Group's risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are market risks, comprising commodity price risk, currency risk, interest rate risk, credit risk and liquidity risk.

The Group's senior management oversees the management of financial risks. The Group's senior management is supported by the Audit & Risk Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Audit & Risk Committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and the Group's risk appetite.

All derivative activities for risk management purposes are carried out by management that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. At this stage, the Group does not currently apply any form of hedge accounting.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

1. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commodity price risk, interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, accounts receivable, accounts payable, accrued liabilities and derivative financial instruments.

(a) Commodity price risk

The Group was exposed to commodity price and exchange rate volatility in respect to future sales of commodities derived from the Angas Zinc Mine. This exposure was partially mitigated by fixed forward commodity hedging contracts below.

	2013 $'000	2012 $'000
Current assets[1]	-	-
Non-current assets[1]	-	-
Current liabilities[1]	-	(1,564)
Non-current liabilities	-	-
Total	-	(1,564)
Net amount recognised in statement of profit or loss and other comprehensive income	**1,564**	(2,612)

1. *Relates to hedging positions held at the end of 2012 in relation to 4,812 tonnes of lead, 3,230 tonnes of zinc and 760 ounces of gold.*

Sensitivity Analysis

Sensitivity to fluctuations in commodity prices in the below tables has been assessed based on existing price exposures in respect of commodity sales that occurred during the reporting period.

A 10 percent increase in the zinc and lead commodity prices at 31 December 2013 would have decreased losses by the amounts shown below. This analysis assumes that all other variables remain constant, in particular interest rates, currency rates and other metal prices.

Effect in AUD thousands - 10% increase in commodity prices

31 December 2013	Equity	Profit or (loss)
Zinc [1]	-	-
Lead	113	113
Total	**113**	**113**

Effect in AUD thousands - 10% decrease in commodity prices

31 December 2013	Equity	Profit or (loss)
Zinc [1]	-	-
Lead	113	113
Total	**113**	**113**

1. *There were no outstanding Zinc price exposures in respect of Zinc sales that occurred in the reporting period.*

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Effect in AUD thousands - 10% increase in commodity prices

31 December 2012	Equity	Profit or (loss)
Zinc [1]	-	-
Lead	854	854
Total	**854**	**854**

Effect in AUD thousands - 10% decrease in commodity prices

31 December 2012	Equity	Profit or (loss)
Zinc [1]	-	-
Lead	(854)	(854)
Total	**(854)**	**(854)**

1. *There were no outstanding Zinc price exposures in respect of Zinc sales that occurred in the reporting period.*

(b) Currency risk

The Group is exposed to foreign currency risk on debt, as a result of USD convertible note issues, purchases and cash at bank which are denominated in a currency other than AUD. The currencies giving rise to this are primarily USD and Algerian Dinar (DZD). The Group does not enter into derivative financial instruments to hedge such transactions denominated in a foreign currency.

The Group is also exposed to foreign currency risk on future USD denominated commodity sales. This exposure is partially mitigated by the AUD/USD fixed forward currency hedging contracts below.

	2013 $'000	2012 $'000
Current assets[1]	**-**	-
Non-current assets	**-**	-
Current liabilities[1]	**-**	(123)
Non-current liabilities[1]	**-**	-
Total	**-**	**(123)**
Net amount recognised in statement of profit or loss and other comprehensive income	**123**	**(93)**

1. *Relates to Nil of currency hedging positions against AUD (2012: US$11.2 million) measured at fair value.*

The Group's exposure to foreign currency risk at reporting date was as follows:

	31 December 2013		31 December 2012	
In AUD thousand equivalent	**USD**	**DZD**	USD	DZD
Cash at bank	**16**	**37**	93	44
Trade receivables	**1,008**	**11**	5,716	4
Trade payables	**-**	**(54)**	-	(57)
Convertible notes	**(32,997)**	**-**	(24,124)	-
Gross exposure	**(31,973)**	**(6)**	(18,315)	(9)

The following exchange rates applied for the Group Consolidated Statement of Financial Position:

	Currency	**2013**	2012
Year end rates used for the consolidated statement of financial position, to translate the following currencies into AUD, are:			
	USD	**0.89**	1.04
	DZD	**69.66**	82.83

Sensitivity Analysis

Sensitivity to fluctuations in foreign currency rates is based on outstanding monetary items at 31 December 2013 which are denominated in a foreign currency. A 10% strengthening of the AUD against the following currencies at the end of the reporting period would have decreased losses by the amounts shown below. The impact relates to commodity sales and fixed forward commodity contracts in place at 31 December 2013. This analysis assumes that all other variables remain constant, in particular interest rates.

Effect in AUD thousands - 10% increase of the AUD against the following currencies

31 December 2013	Equity	Profit or (loss)
USD	(3,553)	(3,553)
Total	**(3,553)**	**(3,553)**

Effect in AUD thousands - 10% decrease of the AUD against the following currencies

31 December 2013	Equity	Profit or (loss)
USD	2,907	2,907
Total	**2,907**	**2,907**

Effect in AUD thousands - 10% increase of the AUD against the following currencies

31 December 2012	Equity	Profit or (loss)
USD	(2,035)	(2,035)
Total	**(2,035)**	**(2,035)**

Effect in AUD thousands - 10% decrease of the AUD against the following currencies

31 December 2012	Equity	Profit or (loss)
USD	1,665	1,665
Total	**1,665**	**1,665**

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk

The Group has an exposure to future interest rates on investments in variable-rate securities and variable-rate borrowings. The Group does not use derivatives to mitigate these exposures.

The Group's exposure to interest rate risk and effective weighted average interest rates are as follows:

2013	Effective interest rate	Total $'000	Floating interest rate $'000	Fixed interest rate $'000
Cash [1]	0.85%	1,043	1,043	-
Short-term deposits [1]	2.52%	3,756	3,756	-
Finance lease liabilities	8.82%	(790)	-	(790)
Loans - secured	7.00%	(3,800)	-	(3,800)
Convertible notes [1]	3.41%	(32,997)	(27,995)	(5,002)
NET FINANCIAL ASSETS		**(32,788)**	**(23,196)**	**(9,592)**

2012	Effective interest rate	Total $'000	Floating interest rate $'000	Fixed interest rate $'000
Cash [1]	0.01%	7,076	7,076	-
Short-term deposits [1]	3.07%	3,789	3,789	-
Finance lease liabilities	8.62%	(2,340)	-	(2,340)
Bank loans - secured	10.43%	(15,328)	(4,328)	(11,000)
Convertible notes [1]	3.52%	(29,126)	(24,124)	(5,002)
NET FINANCIAL ASSETS		**(35,929)**	**(17,587)**	**(18,342)**

1. *Includes AUD and USD denominated balances.*

Sensitivity analysis

As the Group does not use interest rate derivatives, a change in interest rates at reporting date would have no effect on profit and loss or equity.

For the 2013 financial year however, a 100 basis points increase in the effective interest rate would have resulted in an increase in losses of $0.2 million (2012: $0.4 million).

2. Credit risk

Derivative counterparties and cash term deposits are limited to high credit quality financial institutions.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	**2013 $'000**	2012 $'000
Receivables	*9*	**1,098**	6,233
Cash assets	*7*	**4,799**	10,865
		5,897	17,098

The Group has a credit exposure to outstanding receivables resulting from commodity sales to two major customers. Existing off-take agreements in relation to commodities result a limited number of customers, all of whom are well established industry participants that account for 100% of trade receivables (see Note 9).

The Group's maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was:

	2013 $'000	2012 $'000
Australia	**239**	4,980
USA	**848**	1,249
Other	**11**	4
	1,098	6,233

3. Liquidity risk

The contractual maturities of financial liabilities, including estimated interest payments:

2013	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Non-derivative financial liabilities							
Trade and other payables	1,999	(1,999)	(1,999)			-	-
Loans - secured	3,552	(3,801)	-	(1,801)	(2,001)	-	-
Convertible notes	32,997	(33,669)	(17,383)	(16,287)	-	-	-
Finance lease liabilities	790	(1,610)	(726)	(76)	(803)	(5)	-
	39,338	**(41,079)**	**(20,108)**	**(18,164)**	**(2,804)**	**(5)**	

2012	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Non-derivative financial liabilities							
Trade and other payables	11,697	(11,697)	(11,697)	-	-	-	-
Bank loans - secured	15,328	(16,077)	(16,077)	-	-	-	-
Convertible notes	29,126	(30,155)	(513)	(19,817)	(9,825)	-	-
Finance lease liabilities	2,340	(2,486)	(886)	(792)	(803)	(5)	-
	58,491	**(60,415)**	**(29,173)**	**(20,609)**	**(10,628)**	**(5)**	**-**

Refer table in Note 22.1(a) and (b) for maturity profile of derivative financial instruments.

23. CONTROLLED ENTITIES

Name	Country of incorporation	Percentage 2013	2012
Parent Entity:			
Terramin Australia Limited	Australia		
Subsidiaries of parent entity:			
Menninnie Metals Pty Ltd	Australia	**100%**	100%
Western Mediterranean Zinc Spa	Algeria	**65%**	65%
Terramin Spain S.L.	Spain	**100%**	100%
Terramin Exploration Pty Ltd	Australia	**100%**	100%
Terramin Investments S.L. [1]	Spain	**-**	100%

1. *Terramin Investments S.L was a dormant company which was liquidated and struck off the register in 2013.*

24. SEGMENT REPORTING

For management purposes, the Group is organised into business units based on geography and has two reportable operating segments:

- Australia – Explores, develops and mines zinc and lead deposits
- Northern Africa – Developing a zinc deposit

No operating segments have been aggregated to form the above reportable operating segments.

	Australia		Northern Africa		Consolidated	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Revenue						
External customers	**46,551**	71,412	**-**	-	**46,551**	71,412
Total Revenue	**46,551**	71,412	**-**	-	**46,551**	71,412
Results						
Depreciation and amortisation	**(8,662)**	(26,776)	**-**	-	**(8,662)**	(26,776)
Exploration and evaluation write down	**-**	(4,214)	**-**	-	**-**	(4,214)
Impairment of non-current assets	**-**	(33,532)	**-**	-	**-**	(33,532)
Write back of impairment losses	**5,565**	-	**-**	-	**5,565**	-
Interest income	**-**	-	**-**	-	**81**	77
Interest expense	**-**	-	**-**	-	**(2,270)**	(3,408)
Profit/(Loss) before income tax	**(8,209)**	(65,177)	**-**	-	**(8,209)**	(65,177)
Income tax expense						
Profit/(Loss) for the year attributable to equity holders of the Company	**(8,209)**	(65,177)	**-**	-	**(8,209)**	(65,177)
Total assets	**24,227**	40,051	**47,579**	42,957	**71,806**	83,008
Operating liabilities	**45,988**	68,332	**54**	57	**46,042**	68,389
Other disclosures						
Capital expenditure [1]	**4,303**	3,185	**1,287**	960	**5,590**	4,145

1. *Capital expenditure consists of additions of property, plant and equipment, mine properties and development and exploration and evaluation assets.*

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Group's income taxes, interest income and interest expense are managed on a Group basis and are not allocated to operating segments.

There are no transactions other than cash funding between reportable segments.

Major customer

The Group's total revenue is derived from two customers.

25. SHARE BASED ENTITLEMENTS AND PAYMENTS

The Group uses share options to provide incentives to Directors, employees and consultants. The Board, upon the recommendation of senior management, has discretion to determine the number of options to be offered to Eligible Employees (as that term is defined by the EOP and LTIP) and the terms upon which they are offered, including exercise price and vesting conditions.

No options were granted in 2013 or 2012.

(a) Number and weighted average exercise prices of share options

	Weighted average exercise price 2013	**Number of options 2013**	Weighted average exercise price 2012	Number of options 2012
Outstanding at 1 January	**$1.51**	**4,170,000**	$1.77	6,595,000
Cancelled during the year	**$1.46**	**(2,870,000)**	$2.54	(2,425,000)
Outstanding at 31 December	**$1.02**	**1,300,000**	$1.51	4,170,000
Exercisable at 31 December	**$1.02**	**1,300,000**	$1.51	4,170,000

The options outstanding at 31 December 2013 have a weighted average contractual life of 1.1 years (2012:1.77 years). All options outstanding for the Group at 31 December 2013 were fully vested and exercisable.

(b) Options exercised during the year

During the year ended 31 December 2013 there were no options exercised (2012: Nil).

(c) Table of share options movement for the Group at 31 December 2013

Expiry Date	Number of options	Options expense this year $'000	Total option value $'000
Opening balance 1 January 2013	**4,170,000**	**-**	**-**
Options cancelled during the year	(2,870,000)	-	-
Closing balance 31 December 2013	**1,300,000**	**-**	**-**

(d) Table of share options movement for the Group at 31 December 2012

Expiry Date	Number of options	Options expense this year $'000	Total option value $'000
Opening balance 1 January 2012	**6,595,000**	**-**	**-**
Options exercised during the year	-	-	-
Options lapsed during the year	(2,425,000)	-	-
Closing balance 31 December 2012	**4,170,000**	**-**	**-**

During the year, no options were issued to employees and Executives of the Group.

(e) Shares issued in lieu of cash payments

Type of Share Issue 2013	Date of issue	Number of Ordinary Shares on issue	Issue Price $	Share Capital $'000
Shares issued in lieu of interest	26/02/2013	9,309,196	0.02	208
Shares issued in lieu of interest	18/03/2013	6,015,613	0.02	137
Shares issued in lieu of interest	10/09/2013	10,215,650	0.02	186
Shares issued in lieu of interest	10/09/2013	5,970,069	0.02	123
Share placement	24/12/2013	12,000,000	0.03	360
Total shares issued in lieu of cash payments				1,014

Type of Share Issue 2012	Date of issue	Number of Ordinary Shares on issue	Issue Price $	Share Capital $'000
Shares issued in lieu of interest	21/05/2012	1,412,131	0.14	198
Shares issued in lieu of interest	28/08/2012	4,579,001	0.04	197
Total shares issued in lieu of cash payments				395

26. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share at 31 December 2013 was based on the net loss attributable to equity holders of the Company of $8.2m (2012: $65.2m) and a weighted average number of ordinary shares outstanding during the year ended. 31 December 2013 of 825,827,572 (2012: 216,238,666), calculated as follows:

	2013 $'000	2012 $'000
Net loss for the year attributable to the equity holders of the Company	**(8,209)**	(65,177)
Ordinary shares on issue	**1,245,051,770**	718,881,339
Weighted average number of ordinary shares	**825,827,572**	216,238,666
Basic earnings per share (cents)	**(0.99)**	(30.14)

(b) Diluted earnings per share

The calculation of diluted earnings per share does not include potential ordinary shares on issue as to do so would have the effect of reducing the amount of the loss per share.

	2013 $'000	2012 $'000
Diluted earnings per share (cents)	**(0.99)**	(30.14)

27. COMMITMENTS AND CONTINGENCIES

There are contractual commitments at the reporting date as follows:

	2013 $'000	2012 $'000

(a) Operating lease

Non-cancellable operating leases contracted but not capitalised in the financial statements payable:

Within 1 year	**705**	711
One to five years	**204**	650
Total	**909**	1,361

(b) Minimum expenditure on exploration tenements of which the Group has title are as follows:

As at 31 December 2013, there were minimum exploration commitments on tenements with local Government authorities as follows: Bremer, Currency Creek, Hartley, Kinchina, Langhorne Creek and Pfeiffer have amalgamated minimal expenditure of $630,000 per annum, Kapunda, Lobethal, Mount Barker, Mount Pleasant and Mount Torrens have amalgamated minimal expenditure of $650,000 per annum. Tepko, Kolendo, Mount Ive, Nonning, Taringa, Unalla and Wipipippee have a requirement of $250,000, $100,000, $150,000, $240,000, $250,000, $90,000 and $230,000 over two years respectively. Menninnie Dam has a requirement of $480,000 over three years.

As at 31 December 2012, there were minimum exploration expenditure commitments on tenements with local Government authorities. Bremer and Menninnie Dam tenements of $290,000 and $160,000 per annum respectively. Nonning, Taringa , Kolendo, Wipippippee, and Pfeiffer tenements of $240,000 and $250,000, $100,000, $230,000, and $90,000 over 2 years respectively.

(c) Capital expenditure commitments

	2013 $'000	2012 $'000
Within 1 year	**-**	17
Total	**-**	17

(d) Finance leases

Commitments in relation to finance leases for the purchase of mining equipment are as follows:

	2013 $'000	2012 $'000
Within 1 year	**803**	1,678
Longer than 1 year and not longer than 5 years	**5**	808
Minimum lease payments	**808**	2,486
Less: Future Finance Charges	**18**	146
Total lease liabilities	**790**	2,340
Representing		
Current	**786**	1,550
Non-current	**4**	790
	790	2,340

The interest rate implicit in the various leases vary from 6.7% to 10.4%.

(e) Other commitments

Oued Amizour Zinc Project

In February 2006, the Group signed a joint venture agreement in respect of the Oued Amizour Project with ENOF, an Algerian Government company involved in exploration and mining activities. The Company agreed to manage and finance the joint venture until a decision to mine is made.

Bird-in-Hand acquisition

Terramin Exploration Pty Limited agreed to purchase the Bird-in-Hand gold project from Maximus Resources Limited. Pursuant to a tenement sale and purchase agreement two further payments of $1 million each may become payable following approval of the Programme for Environmental Protection and Rehabilitation in respect of the Bird-in-Hand deposit and following the first shipment of mined gold respectively. A net smelter royalty will also become payable following the first shipment of mined gold.

Consultancy fee

Under the Technical Cooperation Agreement entered into with NFC, up to an additional 26 million ordinary shares will be issued upon completion of particular milestones.

Finder's Fee

A second tranche of a finder's fee is payable to a non-related party and linked to the commencement of commercial production from the first producing mine established on the Oued Amizour tenement covered by the Algerian joint venture agreement with ENOF. The amount payable will be US$62,500 which will be converted into the Australian Dollar equivalent at the time of the contingent payment in the future, as well as 100,000 unlisted options exercisable at 25 cents each within 3 years of date of issue.

Bank Guarantees – Angas Zinc Mine

As at 31 December 2013, the Company had lodged bank guarantees having a face value of $5.3 million with the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE), and a cash backed bank guarantee of $0.1 million with the National Australia Bank (NAB).

Litigation

As at the date of this report, the Company is not involved in any litigation other than the arbitrations proceedings brought before the International Chamber of Commerce in May 2013 and suspended in December 2013.

28. EVENTS AFTER THE REPORTING DATE

In the Directors' opinion, no events or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company or the Group, the results of those operations or the state of affairs of the Group in future years that have not been otherwise disclosed in this report.

29. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 31 December 2013 the parent Company of the Group was Terramin Australia Limited.

	2013 $'000	2012 $'000
Result of the parent entity		
Loss for the period	**(11,497)**	(65,191)
Other comprehensive income	**-**	-
Total comprehensive income for the period	**(11,497)**	(65,191)
Financial position of parent entity		
Current assets	**5,062**	24,524
Total assets	**66,734**	89,495
Current liabilities	**35,458**	52,502
Total liabilities	**40,970**	68,331
Total equity of the parent entity comprising of:		
Share capital	**159,796**	143,699
Share option reserve	**8,966**	8,966
Accumulated losses	**(142,998)**	(131,501)
Total equity	**25,764**	21,164

Parent entity capital commitments for acquisition of property plant and equipment

	2013 $'000	2012 $'000
Capital expenditure commitments contracted for:		
Within 1 year	**-**	17
Total	**-**	17

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has not entered into a deed of Cross Guarantee with respect to its subsidiaries.