

Allens Arthur Robinson



<b>Date</b>	16 July 2009	ABN 47 702 595 758
<b>Page</b>	1 of 24	Level 28
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Dear Sir/Madam

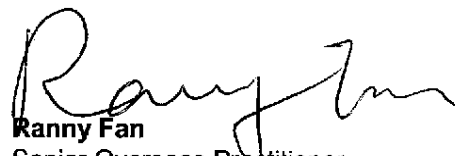
**China Non-Ferrous Metals Industry's Foreign Engineering and  
Construction Co., Ltd – Notice of initial substantial holder in relation  
to Terramin Australia Limited (ASX Code: TZN)**

We act for China Non-Ferrous Metals Industry's Foreign Engineering and Construction Co., Ltd  
(*China Non-Ferrous*).

In accordance with section 671B(1) of the Corporations Act, on behalf of China Non-Ferrous, we  
attach a copy of a notice of initial substantial holder in relation to Terramin Australia Limited dated  
14 July 2009.

Regards

**Alex Ding**  
Partner

  
**Ranny Fan**  
Senior Overseas Practitioner  
(Admitted in PRC only)

Attach

**Our Ref** AHDS:206157531

rwfs A0112814989v1 206157531 16.7.2009

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**Form 603**  
Corporations Act 2001  
Section 671B

**Notice of initial substantial holder**

To Company Name/Scheme Terramin Australia Limited

ACN 062 576 238

**1. Details of substantial holder (1)**

Name This notice is given by China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd. (**NFC**) on its own behalf and on behalf of:  
a) each of NFC's subsidiaries (including those named in Annexure A); and  
b) NFC's ultimate parent entity, China Nonferrous Metals Mining Group Co., Ltd. (**CNMC**) and each of CNMC's subsidiaries (which include NFC and the entities referred to in (a) above (collectively the **NFC Group**)).

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 13 July 2009

**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully Paid Ordinary Shares ( <b>Terramin Shares</b> )	15,500,000	15,500,000	11.15% (based on 138,982,455 Terramin Shares on issue)

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
NFC	Registered holder of securities issued on 14/07/09 pursuant to the subscription agreement dated 27/03/09 a true copy of which is annexed to this notice and marked "B".	15,500,000 Terramin Shares
CNMC and each of its subsidiaries (including each entity in the NFC Group other than NFC itself)	Taken under s608(3) of the Corporations Act to have a deemed relevant interest in the Terramin Shares held by NFC.	15,500,000 Terramin Shares

**4. Details of present registered holders**

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Each person named in section 3 above	NFC	NFC	15,500,000 Terramin Shares

**5. Consideration**

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)	Class and number of securities
NFC	13/07/09	\$10,075,000	15,500,000 Terramin Shares
Each other person named in section 3	13/07/09	None – a deemed relevant interest	15,500,000 Terramin Shares

**6. Associates**

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
The persons named in section 3 above	Related bodies corporate

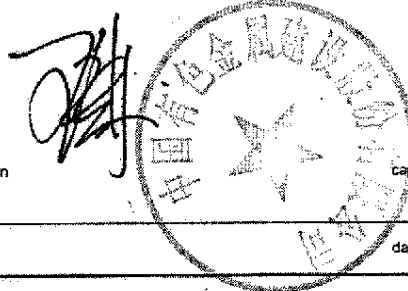
**7. Addresses**

The addresses of persons named in this form are as follows:

Name	Address
NFC	1102, NFC Building (South), 10 Anding Road, Beijing, P.R. China 100029
CNMC	NFC Building (North), 10 Anding Road, Beijing, P.R. China 100029
Each of the other entities within the NFC Group which are named in Annexure A	See Annexure A

**Signature**

print name Wang Hongqian



capacity

Authorised representative for each of the substantial holders named in this notice

sign here

date

14 July 2009

**DIRECTIONS**

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."

- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

## Annexure A

This is Annexure A of 1 page referred to in the Form

603 Notice of initial substantial holding

Signed by me and dated 14 July 2009

Wang Hongqian, Director

## Subsidiaries of China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd.

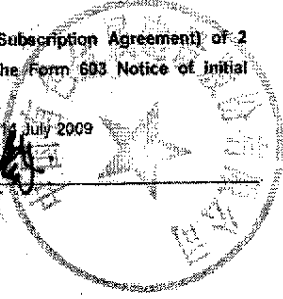
Jurisdiction of incorporation	Name of entity	Address
Mongolia	Tsairt Mineral Co., Ltd	Tumurtin Ovoo Zinc Mine, Baruun Uri, Sukhbaatar Province, Mongolia
China	Guangdong Zhuijiang Rare Earths Co., Ltd	Fengbeiheng Road, Huangpu District, Guangzhou City, P. R. China
China	Sichuan Luzhou Huangpu Power Station Co., Ltd	NO.2 Community, Shuangqiao, Longfeng Village, Xuyong, Sichuan Province, P. R. China
China	Chifeng NFC Kumba Hongye Zinc Co., Ltd	Dongcheng, Hongshan District, Chifeng, Inner Mongolia Municipality, P. R. China
China	Beijing NFC Equipment Co., Ltd	Room 1012, Floor 10, NFC Building (South), 10 Anding Road, Chaoyang District, Beijing, P. R. China
China	Beijing NFC A.S. Real Estate Management Co., Ltd	Room 1001, Floor 10, NFC Building (South), 10 Anding Road, Chaoyang District, Beijing, P. R. China
China	NFC (Beijing) Metal Resources Limited	Room 903, Floor 9, NFC Building (South), 10 Anding Road, Chaoyang District, Beijing, P. R. China
British Virgin Islands	Cresto Resources Holding Limited	Akara Bldg, 24 De Castro Street, Wickhams Cay I Road Town, Tortola, British Virgin Islands
China	China International Alumina Development Co., Ltd	Room 910, Floor 9, NFC Building (South), 10 Anding Road, Chaoyang District, Beijing, P. R. China
China	China Nonferrous Metal (Erenhot) Co., Ltd	Building 3 Accommodation Area of Frontier Inspection of Erenhot, Inner Mongolia Municipality, P. R. China
China	Sichuan Xuyong Huangpu Coal Washery Co., Ltd	NO.2 Community, Shuangqiao, Longfeng Village, Xuyong, Sichuan Province, P. R. China
China	Chifeng NFC Mining Investment Co., Ltd	No.1, Block A, Jindi Business Mansion Xincheng District, Chifeng, Inner Mongolia Municipality, P. R. China
China	NFC Southern Rare Earths (Xinfeng) Co., Ltd	Huilong Village, Xinfeng, Shaoguan City Guangdong Province, P. R. China
China	NFC (Shenyang) Metallurgical Machinery Co., Ltd	No.2, Shenlie Road, Economy & Technology Development Zone, Shenyang, P. R. China
U.S.A	Media Far Inc	1055 Corporate Center Drive, Suite 580 Monterey Park, CA 91754 U.S.A
China	NFC (Shenyang) Pump Industry Co., Ltd	No.2, Shenlie Road, Economy & Technology Development Zone, Shenyang, P. R. China
China	Xiamen Shang Jiong trade Co., Ltd	Floor 16, Block B, Binnai Building, Luyang Street 52, Xiamen, P. R. China
China	United Assets And Equity Exchange Co., Ltd	Room 905, Floor 9, China International Science and Technology Exhibition Centre, Yumin Road 12, Chaoyang District, Beijing, P. R. China
China	China Neri Engineering Co., Ltd	NO.1, Baiyi Road, Nanchang, Jiangxi Province, P. R. China
China	Chifeng Kumba Hongye Zinc Co., Ltd	Dongcheng, Hongshan District, Chifeng, Inner Mongolia Municipality, P. R. China
Philippines	Equimark-NFC Development Corporation	Room 603 EBC Building 252 Juan Luna Street, Binondo, Manila, Philippines

**Annexure B**

This is Annexure B (Subscription Agreement) of 2 pages referred to in the Form 603 Notice of Initial substantial holding

Signed by me and dated 14 July 2009

\_\_\_\_\_  
Wang Hongqian, Director



# **Subscription Agreement**

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**Terramin Australia Limited**

**and**

**China Non-Ferrous Metals Industry's Foreign Engineering  
and Construction Co., Ltd**

## Subscription Agreement

### Table of Contents

<b>1.</b>	<b>Preliminary</b>	<b>1</b>
1.1	Definitions	1
1.2	Interpretation	3
1.3	Headings	4
1.4	Schedules	4
<b>2.</b>	<b>Conditions Precedent</b>	<b>4</b>
2.2	Obligations in respect of Conditions Precedent	4
2.3	Other Termination	5
<b>3.</b>	<b>Subscription and Issue</b>	<b>5</b>
3.1	Subscription	5
3.2	Issue Price	5
3.3	Nature of the Shares	5
3.4	Completion – Subscriber Application and Payment	5
3.5	Completion – Issue of Shares	5
3.6	Staged Completion	6
3.7	Quotation and Cleansing Notice	6
3.8	Conditions of Completion	7
<b>4.</b>	<b>Nomination of director to Company</b>	<b>7</b>
<b>5.</b>	<b>Additional Rights</b>	<b>7</b>
<b>6.</b>	<b>Warranties and Undertakings</b>	<b>8</b>
6.1	Subscriber Warranties	8
6.2	Company Warranties	8
6.3	Acknowledgments	10
6.4	Indemnities	10
<b>7.</b>	<b>Notices</b>	<b>11</b>
7.1	Manner of giving	11
7.2	Manner of delivery	11

## Subscription Agreement

7.3	When delivered	11
7.4	Change of address	12
<b>8.</b>	<b>General Provisions</b>	<b>12</b>
8.1	Entire Agreement	12
8.2	Amendment	12
8.3	Assignment	12
8.4	No waiver	12
8.5	Further assurances	12
8.6	No merger	12
8.7	Costs and expenses	12
8.8	Governing law and jurisdiction	13
8.9	Counterparts	13
8.10	Relationship	13
8.11	Announcements	13

<b>Date</b>	
<b>Parties</b>	<ol style="list-style-type: none"> <li>1. <b>Terramin Australia Limited</b> ACN 062 576 238 of Level 22, 91 King William Street, Adelaide, South Australia, 5000 (<i>Company</i>);</li> <li>2. <b>China Non-Ferrous Metal Industry's Engineering and Construction Co., Ltd</b> of 10 Anding Road, Beijing, 100029, People's Republic of China (<i>Subscriber</i>).</li> </ol>
<b>Recital</b>	The Subscriber wishes to subscribe for, and the Company has agreed to issue, the Shares subject to and in accordance with the terms and conditions set out in this agreement.

**It is agreed** as follows.

## 1. Preliminary

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### 1.1 Definitions

In this agreement:

**Angas Project** means the project where the Terramin Group operates the Terramin Group's Angas Zinc Mine in South Australia and produces zinc and lead-copper-precious metals concentrates from that mine.

**Application** means the application for Shares in the form set out in Schedule 1 to this agreement.

**ASX** means the Australian Securities Exchange, operated by ASX Ltd ACN 008 624 691.

**Business Day** means a day on which banks are open for general banking business in South Australia and Beijing, PRC excluding Saturdays, Sundays and public holidays in South Australia or in Beijing, PRC.

**Claim** means any cost, expense, loss, damage, claim, action, proceeding or other liability (whether in contract, tort or otherwise), however arising (whether or not presently ascertained, immediate, future or contingent) and includes legal costs on a full indemnity basis.

**Company Warranties** means the representations and warranties given under clause 6.2 of this agreement.

**Completion** means completion of the subscription for, and issue of, the Shares.

**Completion Date** means the date which is five (5) Business Days after the satisfaction of all of the Conditions Precedent.

**Conditions Precedent** means the conditions precedent set out in clause 2.1.

**Constitution** means the constitution of the Company.

**Control** has the meaning given to that term in the section 50AA of the Corporations Act.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Dispose** means assign, transfer, otherwise dispose of or grant or permit the grant of any legal or equitable interest (either in whole or in part) whether by sale, lease, declaration or creation of a trust or otherwise.

## Subscription Agreement

**Encumbrance** means any interest or power:

- (a) reserved in, or over any interest in, any asset including any retention of title; or
- (b) created or otherwise arising in, or over any interest in, any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of any debt or other monetary obligation, or the performance of any other obligations and whether existing or agreed to be granted or created.

**Insolvency Event** means in relation to an entity;

- (a) a receiver, receiver and manager, administrator, trustee or similar official is appointed over any of the assets or undertaking of the entity;
- (b) the entity suspends payment of debts generally;
- (c) the entity becomes unable to pay its debts within the meaning of the Corporations Act;
- (d) the entity enters into or resolves to enter into any arrangement or compromise with or assignment for the benefit of, its creditors or any class of them; or
- (e) an application or order is made for the winding up or dissolution of, or the appointment of a provisional liquidator, to the entity or a resolution is passed or steps are taken to pass a resolution for the winding up or dissolution of the entity otherwise than for the purpose of an amalgamation or reconstruction which has the prior consent of all shareholders.

**Issue Price** means A\$0.65 per share.

**Listing Rules** means the official Listing Rules of the ASX, as amended from time to time.

**Material Adverse Change** means any of the following occurs:

- (a) there is a cessation of operations at Angas Project;
- (b) the disposal of any or all of the assets owned or controlled by the Terramin Group in relation to the Tala Hamza Project unless otherwise agreed by the Subscriber; or
- (c) the disposal of any or all of the assets owned or controlled by the Terramin Group in relation to the Angas Project (other than assets sold in the ordinary course of business or asset which non essential to the operation of the Angas Project) unless otherwise agreed by the Subscriber.

**Nominee** means any entity which:

- (a) is Controlled by the Subscriber directly or indirectly; or
- (b) does not fall within either of the above categories but is an entity approved by the Company.

**Terramin Group** means the Company and its Subsidiaries.

**Shares** means 15,500,000 ordinary fully paid shares in the capital of the Company.

**Subscriber Warranties** means the representations and warranties given under clause 6.1 of this agreement.

**Subsidiary** has the meaning ascribed to that term in the Corporations Act.

**Tala Hamza Project** means the project where the Terramin Group is working on a pre-feasibility study for a zinc and lead project in Algeria, and where relevant, the operating of the mine for that project.

## Subscription Agreement

*Total Issue Price* means \$10,075,000.

*Warranties* mean the Company Warranties and the Subscriber Warranties.

### 1.2 Interpretation

In this agreement, unless something else is clearly intended;

- (a) the singular includes the plural and conversely;
- (b) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (c) a reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them;
- (d) a reference to a clause or schedule is a reference to a clause of, or a schedule to, this agreement;
- (e) a reference to an agreement or document (including this agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced, except to the extent prohibited by this agreement or that other agreement or document;
- (f) a reference to *writing* includes any method of representing or reproducing words, figures, drawings, or symbols in a visible form including any communication using electronic mail;
- (g) a reference to a party to this agreement or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives);
- (h) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
- (i) a reference to conduct includes, an omission, statement or undertaking, whether or not in writing;
- (j) a reference to an *agreement* includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing;
- (k) a reference to a document includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind;
- (l) a reference to *dollars* and *\$* is to Australian currency;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and severally;
- (n) the meaning of general words is not limited by specific examples introduced by *including*, or *for example*, or similar expressions;
- (o) references to *agree*, *approve* or *consent* are references to agreement, approval or consent (as the case may be) in writing;
- (p) if the Subscriber has made a nomination in accordance with clause 3.1, all references to "Subscriber" in this agreement shall be a reference to "Nominee"; and
- (q) nothing in this agreement is to be interpreted against a party solely on the ground that the party put forward this agreement or any part of it.

## Subscription Agreement

### 1.3 Headings

Headings do not affect the interpretation of this agreement.

### 1.4 Schedules

Schedules form part of this agreement.

## 2. Conditions Precedent

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### 2.1 Conditions Precedent

The right of the Subscriber to apply for the Shares, and the obligation of the Company to issue the Shares under this agreement is subject to the satisfaction of each of the following Conditions Precedent.

- (a) Either:
  - (i) the Subscriber is informed in writing by or on behalf of the Treasurer of the Commonwealth of Australia that there are no objections to the Subscriber acquiring the Shares in accordance with this agreement; or
  - (ii) the Treasurer of the Commonwealth of Australia ceases to be empowered under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) to make an order prohibiting the proposed acquisition by the Subscriber of Shares in accordance with this agreement.
- (b) The Subscriber obtains on terms acceptable to it all governmental approvals required under any Chinese laws, regulations or policies relevant to it and necessary to enable it to carry out its obligations under this agreement.
- (c) The Subscriber obtains its board approval to enable it to carry out its obligations under this agreement.
- (d) The Subscriber is satisfied with the results of the due diligence conducted on the Terramin Group and serves a written notice to the Company on or before 20 April 2009 informing them of that fact.
- (e) The Company obtains its board approval to enable it to carry out its obligations under this agreement.

### 2.2 Obligations in respect of Conditions Precedent

- (a) The Company must co-operate with the Subscriber and use its best endeavours to promptly assist the Subscriber in connection with its application to the Foreign Investment Review Board and with the Subscriber's due diligence investigations.
- (b) The Subscriber must promptly notify the Company when any Condition Precedent has been satisfied or has become incapable of being fulfilled.

## Subscription Agreement

### 2.3 Other Termination

If any of the following events occur before the Completion Date, the Subscriber is entitled to terminate this agreement and not subscribe for the Shares by giving written notice to the Company:

- (a) an Insolvency Event in respect of any company in the Terramin Group;
- (b) a Material Adverse Change;
- (c) an unremedied breach of any obligation of the Company under this agreement (such as clauses 5 and 6); and
- (d) a breach by the Company of any warranties and undertakings set out in clause 6.

## 3. Subscription and Issue

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### 3.1 Subscription

Subject to clause 2 and clause 3.6, the Subscriber agrees to subscribe for, and the Company agrees to issue and allot to the Subscriber, the Shares on the terms of this agreement.

The Subscriber may nominate its Nominee to carry out its obligations under clause 3.

### 3.2 Issue Price

The Company will issue the Shares in consideration for the payment by the Subscriber of the Issue Price in respect of each Share.

### 3.3 Nature of the Shares

Upon allotment the Shares shall:

- (a) be ordinary fully paid shares;
- (b) rank pari passu with each other and each other ordinary fully paid share in the Company;
- (c) rank equally with all other ordinary shares in the Company for any dividend declared after the date of issue; and
- (d) shall carry voting rights at any meeting of the Company's members of one vote per share.

### 3.4 Completion – Subscriber Application and Payment

Subject to clause 2 and clause 3.6, the Subscriber shall on or before the Completion Date:

- (a) complete and execute an Application for the Shares and deliver such Application to the Company; and
- (b) pay the Total Issue Price by telegraphic transfer, or otherwise in immediately available funds, to an account nominated by the Company.

### 3.5 Completion – Issue of Shares

Subject to the Subscriber complying with its obligations pursuant to clause 3.4, and subject to clause 2 and clause 3.6, the Company shall on Completion:

## Subscription Agreement

- (a) issue the Shares to the Subscriber or at the direction of the Subscriber, free and clear of all Encumbrances but subject to the Constitution and this agreement;
- (b) cause the Subscriber to be entered in the register of members of the Company and otherwise procure the registration of the Subscriber as the holder of the Shares; and
- (c) within five (5) Business Days after the date of issue, procure that its Share Registrar issue to the Subscriber a holding statement with respect to the Shares.

### 3.6 Staged Completion

If, on the Completion Date the issue of Shares in accordance with clause 3.5(a) would cause the Company to breach the terms of ASX Listing Rule 7.1 (*LR 7.1*), the parties agree that:

- (a) the Shares will be issued in two tranches in the manner set out in the rest of clause 3.6;
- (b) on the Completion Date, the Company will only be obliged to fulfil its obligations under clause 3.5 and clause 3.7 to the maximum extent that it is capable without causing it to breach the terms of LR 7.1. The number of Shares to be issued will be referred to as the "*First Tranche Shares*", with the balance of Shares to be referred to as the "*Second Tranche Shares*";
- (c) on the Completion Date, the Subscriber will be obliged to satisfy its obligations under clause 3.4 in respect of the First Tranche Shares only;
- (d) as soon as practicable, and in any event within sixty (60) days after the Completion Date (*Second Completion Date*), the Company must do all things necessary and desirable (including calling a general meeting of its shareholders, if required) to enable the Second Tranche Shares to be issued to the Subscriber, including (but not limited to) obtaining shareholder approval on the issue of the Second Tranche Shares to the Subscriber;
- (e) within five (5) Business Days of the Second Completion Date, the Subscriber will be obliged to satisfy its obligations under clause 3.4 in respect of the Second Tranche Shares only; and
- (f) upon the receipt of the payment under clause 3.6(e), the Company must immediately, or in any event within 24 hours, issue the Second Tranche Shares in accordance with its obligations under clause 3.5 and clause 3.7.

For the purpose of this clause 3.6, the Company will provide the Subscriber with a notice in writing signed by its Executive Chairman or Chief Financial Officer declaring the number of Shares constituting the First Tranche Shares and the Second Tranche Shares in accordance with LR 7.1 and clause 3.6(b) within three (3) Business Days of the date of this agreement. Such notice should be reviewed and approved by the Subscriber within three (3) Business Days upon receipt, of which the approval should not be unreasonably withheld.

### 3.7 Quotation and Cleansing Notice

- (a) Subject to the Listing Rules, if at the date of issue of the Shares the Company is admitted to the official list of the ASX and its ordinary shares quoted on the ASX, the Company must apply to the ASX for the Shares to be quoted on the ASX as soon as possible after issue.
- (b) The Company agrees that it is responsible for ensuring, and must do everything that is required of it to ensure, that the Shares are quoted on the ASX as soon as reasonably practicable after they are issued.

## Subscription Agreement

- (c) The Company agrees to lodge a notice with ASX under section 708A(5)(e) of the Corporations Act that complies with the requirements of section 708A(6) of the Corporations Act, as soon as practicable after the date of issue of any Shares to the Subscriber, and in any event, within 5 Business Days of the date of issue, and shall thereafter do all acts and things as may be necessary to ensure that the notice is validly lodged and effective, including responding to any notices, requisitions or queries made by ASIC or the ASX in relation to the notice. The Company shall as soon as practicable after giving the notice, provide the Subscriber with a copy of the notice and any subsequent correspondence received from, or provided to, ASIC or the ASX in relation to the notice.

### 3.8 Conditions of Completion

- (a) Completion or staged Completion (as the case may be) is conditional on both the Company and the Subscriber complying with all of their obligations under this clause 3.
- (b) If either the Company or the Subscriber fails to fully comply with its obligations under this clause 3 and the parties do not complete this agreement, each party must:
- (i) return to the other all documents delivered to it under this clause 3;
  - (ii) repay to the other all payments received by it under this clause 3; and
  - (iii) do everything reasonably required by the other party to reverse any action taken under this clause 3,

without prejudice to any other rights any party may have in respect of that failure.

## 4. Nomination of director to Company

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- (a) The Company agrees that upon the issue of the Shares (or if there is to be staged Completion, the issue of the First Tranche Shares under clause 3.6(b)) the Subscriber may, in its absolute discretion, nominate one (1) director to the board of the Company and the Company will cause the nominees to be appointed as directors forthwith (*New Director*).
- (b) The Subscriber acknowledges that, under rule 47 of Company's Constitution, any directors appointed under this clause hold office only until the next annual general meeting of the Company and are then eligible for re-election at that meeting. If the Subscriber appointed director fails to be re-elected or is otherwise removed from the board of directors of the Company, then clause 4(a) will apply from the date of the removal of the Subscriber's nominee from the board and will continue to apply until the Subscriber's nominee is appointed to the board of directors of the Company.

## 5. Additional Rights

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In addition to the issue of the Shares pursuant to clause 3, in consideration of the payment to the Company of the Total Issue Price by the Subscriber, and subject to Completion occurring in respect of the issue of the Shares:

- (a) the Subscriber will be granted a non-exclusive right to submit a tender, at such time and in such format as determined by the Company in its absolute discretion, for the design and construction of processing plant facilities in respect of any mine proposed to be

## Subscription Agreement

developed by the Company for the exploitation of the ore body as part of the Tala Hamza Project;

- (b) in the event that the Subscriber is awarded a contract for the design and construction of processing plant facilities as described in clause 5(a) above, and subject to such further negotiations as the Company deems necessary in its absolute discretion, the Subscriber will be given the opportunity to present the Company with a formal proposal for financing arrangement (on terms no less advantageous to the Company than ordinary commercial terms) in respect of the development of any mine proposed to be developed by the Company for the exploitation of the ore body as part of the Tala Hamza Project; and
- (c) The Subscriber is granted a non-exclusive right to tender for the acquisition or transfer of the lead and zinc concentrates produced from the Tala Hamza Project that have not already been committed to existing offtake parties or under existing joint venture arrangements.

## 6. Warranties and Undertakings

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### 6.1 Subscriber Warranties

The Subscriber represents and warrants to the Company that each of the following statements is true and correct on the date of this agreement and the Completion Date, and where there is staged Completion, on the date of issue of the Second Tranche Shares:

- (a) subject to satisfaction of the Conditions Precedent, it has the power to enter into and perform its obligations under this agreement; and
- (b) subject to satisfaction of the Conditions Precedent, the entry into and performance of its obligations under this agreement by it does not constitute a breach of any obligation (including any statutory, contractual or fiduciary obligation, in whatever jurisdiction), or a default under any agreement or undertaking by which it is bound and is not a breach of its constitution or articles of association.

### 6.2 Company Warranties

The Company represents and warrants to the Subscriber that each of the following statements is true and correct on the date of this agreement and as at the Completion Date, and where there is staged Completion, on the date of issue of the Second Tranche Shares:

- (a) it has the power to enter into and perform its obligations under this agreement and has obtained all necessary consents to enable it to do so;
- (b) the entry into and performance of its obligations under this agreement by it does not constitute a breach of any obligation (including any statutory, contractual or fiduciary obligation, in whatever jurisdiction), or a default under any agreement or undertaking by which it is bound and is not a breach of the Constitution;
- (c) the Shares will be validly issued and fully paid, their issue being duly authorised by the Company and, when issued, will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms and the Constitution;
- (d) the Shares will rank *pari passu* and carry the same rights and privileges in all respects as all ordinary shares of the Company then on issue, and shall be entitled to all dividends and other distributions declared after the date of issue;

## Subscription Agreement

- (e) the Shares will be freely transferable, free and clear of all Encumbrances.
- (f) save as disclosed to the Subscriber and to the best of the knowledge, information and belief of the Company, each company in the Terramin Group has conducted and is conducting its business in material compliance with all applicable legislation, regulations, by-laws or requirements of all Authorities and is not in violation of any material federal, provincial, municipal, local or foreign law, statute, regulation, by-law, decree, rule, policy, directive, guideline, order, permit, license, certificate, approval or authorisation applicable to it, its properties or activities;
- (g) save as disclosed to the Subscriber and to the best of the knowledge, information and belief of the Company, each company in the Terramin Group is not aware of any legislation, regulation, by-law or requirement of any Authority presently in force or proposed to be brought into force which it anticipates it will be unable to comply with without materially adversely affecting its financial condition, results of operations or business;
- (h) save as disclosed to the Subscriber and to the best of the knowledge, information and belief of the Company, each company in the Terramin Group holds every material licence, certificate, registration, permit, consent and qualification required to enable it to carry on its business as now conducted and each is valid and subsisting and in good standing and does not contain any condition or limitation which has a material adverse effect on the operations of its business as now conducted or proposed to be conducted and it has not received any notice of proceedings relating to the revocation or modification of any of them which if the subject of an unfavourable decision, ruling or finding would materially and adversely affect its financial condition, results of operations or business;
- (i) save as disclosed to the Subscriber and to the best of the knowledge, information and belief of the Company, the execution and delivery of this agreement and the performance of its obligations under this agreement do not conflict with:
  - (i) any statute, rule or regulation applicable to it (if any);
  - (ii) its Constitution or any resolution of its directors or shareholders which are currently in effect;
  - (iii) any mortgage, note, indenture, contract, agreement, instrument, lease or other document to which it is a party or by which it or any company in the Terramin Group is bound;
  - (iv) any judgment, decree or order binding on it or its properties or assets or on any company in the Terramin Group; and
  - (v) any applicable securities laws and any by-laws, rules and regulations of the ASX;
- (j) save as disclosed to the Subscriber and to the best of the knowledge, information and belief of the Company, each company in the Terramin Group is in compliance in all material respects with all terms and provisions of each contract, agreement, indenture, lease, policy, instrument and licence connected with the conduct of its business and each is valid and binding in accordance with its terms and in full force and effect, and no material breach or default by the Company or event which, with notice or lapse of time or both, could constitute a material breach or default by the Company, exists in relation to any of them;

## Subscription Agreement

- (k) no order prohibiting the sale of its securities has been issued and is currently effective and to the best of its knowledge no proceedings for this purpose have been instituted or are pending, contemplated or threatened;
- (l) except to the extent disclosed in writing to the Subscriber before the Completion Date there is no material litigation, arbitration or administrative proceeding taking place, pending or to the knowledge of any of its officers threatened against it or any of its properties or any company in the Terramin Group;
- (m) the Shares are in a class of securities that were quoted at all times on the official list of the ASX in the 3 months before the date on which the Shares were issued;
- (n) the Shares are in a class of securities for which trading on the official list of the ASX was not suspended for more than a total of 5 days in 12 months (the *Relevant Period*);
- (o) no exemption under section 111AS or 111AT of the Corporations Act covered the Company, or any person as director or auditor of the Company, at any time in the Relevant Period;
- (p) no order under section 340 or 341 Corporations Act covered the Company, or any person as director or auditor of the Company, at any time in the Relevant Period;
- (q) ASIC has not made any determination under section 708A(2) of the Corporations Act that remains in force in relation to the Company as at the date of issue of the Shares; and
- (r) subject to the Company issuing the notice required by clause 3.7, it is not aware of any reason why the Subscriber will not be able to rely on section 708A(5) of the Corporations Act in selling all or some of the Shares to a third party without the need for disclosure to that third party under Part 6D of the Corporations Act.

### 6.3 Acknowledgments

The Subscriber acknowledges and represents to the Company and agrees that:

- (a) in entering into this agreement and taking any action required by it, it does not rely on any representation, warranty, condition or other conduct which may have been made by the Company or any other person on behalf of the Company, including as to the value of the Shares or the speculative nature of the Company's business;
- (b) to the extent permitted by law, all terms, conditions, warranties and statements, whether express, implied, written, oral, collateral, statutory or otherwise relating to the Company and the Shares are excluded; and
- (c) it has had the opportunity to conduct its own due diligence process with respect to the Company and to make (and has made) reasonable enquiries in relation to all matters material to it.

### 6.4 Indemnities

- (a) The Subscriber indemnifies and will keep indemnified the Company from and against:
  - (i) all Liabilities which the Company pays, suffers or incurs; and
  - (ii) all Claims made against the Company by any third party, as a result of any breach of any of the Subscriber Warranties.
- (b) The Company indemnifies and will keep indemnified the Subscriber from and against:

## Subscription Agreement

- (i) all Liabilities which the Subscriber pays, suffers or incurs; and
  - (ii) all Claims made against the Subscriber by any third party.
- as a result of any breach of any of the Company Warranties.

## 7. Notices

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### 7.1 Manner of giving

Any notice given under this agreement must be in writing and signed by or for the sender.

### 7.2 Manner of delivery

Notices must be delivered by post, hand or fax to the relevant address below:

- (a) to the Company:
  - Level 22, 91 King William Street  
ADELAIDE SA 5000
  - Attention: Dr Kevin Moriarty
  - Fax: +618 8213 1416
  - Email: [kmoriarty@tetramin.com.au](mailto:kmoriarty@tetramin.com.au)
- (b) to the Subscriber:
  - 10 Anding Road  
BEIJING 100029  
PEOPLE'S REPUBLIC OF CHINA
  - Attention: Mr Ma Jin Ping
  - Fax: +86 10 84427076
  - Email: [majinping@nfc-china.com](mailto:majinping@nfc-china.com)

### 7.3 When delivered

- (a) Notices will be taken to be duly given:
  - (i) in the case of delivery in person, when delivered;
  - (ii) in the case of delivery by post, two (2) Business Days after the date of posting (if posted to an address in the same country) or seven (7) Business Days after the date of posting (if posted to an address in another country); and
  - (iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax machine number or name of recipient and indicating that the transmission has been made without error.
- (b) If the result under clause 7.3(a) is that a notice would be taken to be given on a day that is not a Business Day in the place to which the notice is sent, then it will be taken to have been given on the next Business Day in that place.

## Subscription Agreement

### 7.4 Change of address

Any party may change its address or facsimile number by giving notice to that effect to the other parties.

## 8. General Provisions

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### 8.1 Entire Agreement

This agreement contains the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements and understandings between the parties in connection with it.

### 8.2 Amendment

No amendment or variation of this agreement is valid or binding on a party unless made in writing executed by both parties.

### 8.3 Assignment

The rights and obligations of each party under this agreement

- (a) are personal; and
- (b) cannot be Disposed of, Encumbered or otherwise dealt with and neither party may attempt, or purport, to do so without the prior consent of the other party.

### 8.4 No waiver

- (a) No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver.
- (b) A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy.
- (c) A waiver is not valid or binding on the party granting that waiver unless made in writing.

### 8.5 Further assurances

Each party agrees to do all things and sign all documents necessary or desirable to give full effect to the provisions of this agreement and the transactions contemplated by it and refrain from doing all acts and things that could hinder performance by any party of its obligations under this agreement.

### 8.6 No merger

The rights and obligations of the parties will:

- (a) not merge on the completion of any transaction contemplated by this agreement; and
- (b) survive the execution and delivery of any assignment or other document entered into for the purpose of implementing a transaction.

### 8.7 Costs and expenses

Each party must bear its own costs arising out of the negotiation, preparation and execution of this agreement and any other document executed pursuant to this agreement.

## Subscription Agreement

### 8.8 Governing law and jurisdiction

- (a) This agreement is governed by and construed in accordance with the laws of South Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in South Australia in connection with matters concerning this agreement.

### 8.9 Counterparts

- (a) This agreement may be executed in any number of counterparts.
- (b) All counterparts when exchanged will be taken to constitute one document.
- (c) An executed counterpart may be delivered by facsimile.

### 8.10 Relationship

- (a) The relationship between the parties is that of independent contractors.
- (b) The parties are not partners, joint venturers or principal and agent.

### 8.11 Announcements

- (a) Immediately after this agreement has been signed, the parties may make such announcements to ASX as are reasonably acceptable to both parties.
- (b) A party may disclose anything in respect of this agreement or the terms of issue of the Shares as required:
  - (i) by any applicable law; or
  - (ii) by any recognisable stock exchange on which its shares are listed,but to the extent possible, it must consult with the other party before making the disclosure and use its reasonable endeavours to agree on the form and content of the disclosure.

Subscription Agreement

Executed unconditionally by the parties.

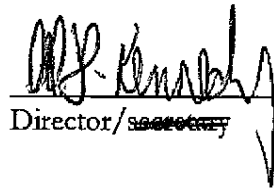
Executed by Terramin Australia Limited:

Executed by China Non-Ferrous Metal Industry's Engineering & Construction Co., Ltd Limited:



Director

Director



Director/~~secretary~~

Director/secretary

