



ASX Shareholder Report

30 March 2009

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Terramin is a dedicated
base metals company
focused on developing
zinc mines close to
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Two new strategic partnerships to finance Tala Hamza development.

Strategic partnerships with Transamine (a global non-ferrous commodities trading house) and China Non-ferrous Metals Industry's Foreign Engineering and Construction Company Ltd. (NFC) will deliver an aggregate financing package, estimated at A\$46 million. It comprises:

- equity issues totaling A\$17.5 million at A\$0.65 per share (an approximate 50% premium to the current share price); and,
- a further US\$20 million in convertible notes and shares linked to the completion of milestones in the development of Tala Hamza;
- Both parties bring access to further funding for construction of the world-class Tala Hamza Project.

"The new strategic relationships are a significant endorsement of the Company's business plan and our focus on a portfolio of quality assets," said Dr Kevin Moriarty, Executive Chairman of Terramin Australia Limited, "particularly in the context of the continuing global credit crunch."

He added, "Proceeds will be allocated to accelerate the feasibility. The package includes sufficient funds for the early construction of twin access declines, reducing the lead time to production."

Transamine partnership

The first of the new partnerships is with Transamine, one of the oldest, independent, privately held commodities trading companies, specialising in raw materials. It provides services in marketing, raw material sourcing, finance and investment worldwide, with a core business focus on non-ferrous metals.

The Transamine agreement is structured in three tranches, beginning with the issue of 11,538,462 fully paid ordinary shares at a price of A\$0.65 per share to raise A\$7,500,000.

(Continues overleaf)



After completion of the Tala Hamza Prefeasibility Study in early April 2009, Terramin is entitled to issue US\$10,000,000 of unlisted, unsecured convertible redeemable notes to Transamine.

Following a “decision to mine,” Terramin can issue a further US\$7,500,000 of unlisted, unsecured convertible redeemable notes and issue fully paid ordinary shares at an issue price equal to the volume weighted average price (VWAP) of Terramin shares on the ASX over the five days immediately preceding the date of issue, to raise a further US\$2,500,000.

The convertible redeemable notes can be converted into Terramin ordinary shares at the election of the Company at the VWAP of Terramin shares for the period immediately prior to conversion, or at the election of Transamine (after the elapse of 12 months) if the 15 day VWAP of Terramin shares exceeds A\$1.70 per share. Interest may be paid in cash or shares at the election of the Company. Interest payments of shares will be issued at the VWAP over the five trading days immediately preceding the due date for payment.

Terramin and Transamine have also agreed a five- plus- five year offtake agreement for the purchase of up to 100,000 tonnes per annum of zinc and 40,000 tonnes per annum of lead concentrate from the Tala Hamza mine. Transamine will seek to use its offtake rights to access support from smelters to supplement bank finance for the development phase.

NFC partnership

The second of Terramin’s newly established alliances is with NFC, a state controlled company mandated by the Chinese central government to develop overseas mineral resources to meet China’s growing demand for nonferrous metals. Listed on the Shenzhen Stock Exchange, NFC is the largest Chinese contractor for foreign industrial projects in the nonferrous metals sector, and has built and financed mining plants and smelters across Asia and Africa.

An NFC representative will join the Terramin Board and will bring access to major Chinese banks to finance the Tala Hamza project development. This access to funding is important to ensure the project is ready to commence production as zinc demand and prices recover.

The agreement with NFC provides for the non-exclusive right to tender for the construction phase of the Tala Hamza project. With existing ventures in Algeria, NFC has expertise to make an early start on construction and to provide a plant design suited to Algerian operating conditions.

Under the terms of the agreement with NFC, Terramin will issue 15,500,000 fully paid ordinary shares at an issue price of A\$0.65 per share to raise A\$10,075,000.

Approvals

The NFC subscription is subject to obtaining approval from the Foreign Investment Review Board, Chinese government approval, and satisfactory completion of due diligence.

The issue of a substantial portion of the NFC share subscription and issue of a US\$10,000,000 convertible note to Transamine will be subject to the approval of shareholders at the Terramin Annual General Meeting scheduled for 28 May 2009.