



TERRAMIN AUSTRALIA limited

ASX Shareholder Report

March 9, 2007

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or the Company business
may be directed to:*

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*Terramin is a dedicated
base metals company
focused on early
development of the
Angas Zinc project and
advanced exploration at
Menninnie Dam zinc/lead
and copper project.*

*The information in this report that relates
to exploration activity is compiled by
Dr K Moriarty PhD, M AusIMM who is a
Competent Person as defined by the
JORC code.*

ZINIFEX TAKES DIRECT STAKE IN TERRAMIN'S GAWLER CRATON ZINC SUBSIDIARY

Melbourne-based Zinifex Australia Ltd has entered into its second partnership in a month with Terramin Australia Ltd to pursue the development of new base metals projects in South Australia's remote regions.

Zinifex has paid A\$500,000 for a 20% interest in Terramin's wholly-owned zinc, copper and lead subsidiary, Menninnie Metals (MML), in which Terramin (ASX code: "TZN") will retain 80% ownership.

MML's flagship asset is its Menninnie lead-zinc project west of Port Augusta in South Australia. The Company also holds strategic targets further north in the State with excellent potential for large base metal, copper-gold deposits.

Only last month, Zinifex committed to spend up to \$8 million on the Menninnie project under a new joint venture with MML.

Menninnie is the largest lead, zinc and silver deposit in South Australia with substantial drill intersections over six kilometres, an estimated 20 million tonne envelope of mineralisation over the central zone, and potential for much larger deposits in excess of 100 million tonnes.

"The new equity position announced today is designed to further exploit the potential of MML's tenements, as well as acquire promising new base metals projects,"
Terramin Executive Chairman, Dr Kevin Moriarty, said today.

"Our increasing alliances with Zinifex - one of the world's largest integrated lead and zinc companies - will enable Terramin and MML to take advantage of the resurgence in lead and zinc prices, and expanding markets in Asia, particularly China," Dr Moriarty said.

"The formation of MML to manage and operate Terramin's Gawler Craton tenements, now in partnership with Zinifex, will also allow Terramin to maintain focus on development of our flagship Angas zinc project near Strathalbyn, south of Adelaide, and to consider other advanced zinc mining projects."

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ABN 67 062 576 238

In addition to the Menninnie tenement, Menninnie Metals' secure land position on the Gawler Craton includes 100% ownership of three tenements covering 2,600 square kilometres in the world-class mining belt northwest of Olympic Dam and Prominent Hill.

The first phase of exploration financed by Zinifex at Menninnie Dam has commenced and is also being supported by the SA Government's PACE program.

Under this joint venture initiative, Zinifex is spending a minimum A\$2 million on the project's exploration and development by 31 December 2006, but with no project entitlement.

It can then spend an additional A\$3 million by 31 December 2008 to earn an initial 49% equity interest in the project, and spend an additional A\$3 million by 31 December 2010 to move to a 70% position in the joint venture.

Experienced explorationists

The MML management team has extensive expertise and a proven track record in successful minerals exploration, discovery and development.

It is headed by Dr John Parker who, as Director and Chief Geologist of Geosurveys Australia Pty Ltd, has provided exploration services to many companies over the past 12 years. Prior to that, he was Chief Geologist for the South Australian Geological Survey and mapped extensively throughout the Gawler Craton.

Terramin recently announced a life-of-mine offtake agreement and A\$17 million in support for its Angas project from international metals trader and energy group, Sempra Metals & Concentrates Corp.

Macquarie Bank Limited has also secured a 6.8% stake in Terramin through a A\$1 million placement.

