



TERRAMIN AUSTRALIA limited

ASX Shareholder Report

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or the Company business
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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.*

MACQUARIE SUPPORTS TERRAMIN'S

S.A. LEAD AND ZINC PROJECT

Macquarie Bank Limited has taken a strategic A\$1 million stake in lead and zinc developer, Terramin Australia Limited (ASX code: "TZN").

The move into Terramin by one of Australia's most respected financial institutions gives Macquarie an initial 6.8% stake in the South Australian-based zinc company.

The subscription for 4 million shares in Terramin is part of a raft of financial and development options being brought to close by Terramin as it readies its potential 400,000 tonne per annum Angas project, south of Adelaide, for start-up early in 2007.

Macquarie paid 25 cents per share for its interest – a 17% premium to the 21.4 cent average price for Terramin on the ASX over the past month.

Terramin will have 59 million ordinary shares on issue (37.5 million quoted) once the Macquarie placement is completed.

"We are progressively finalising a number of financing packages to keep our feasibility, development and production schedules on target for maiden mining and processing in early 2007," Terramin Executive Chairman, Dr Kevin Moriarty, said.

"We are highly satisfied at this point with the level of interest by third party lenders and investors in backing our forward plans for the Angas project.

"The early position taken by Macquarie establishes a foundation for a working partnership with a financial institution with extensive resources experience that should positively contribute to bringing this greenfields lead and zinc mining operation over the start line."

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The Angas project, wholly owned by Terramin, is located within existing mature limestone quarry workings 2.5 kilometres from Strathalbyn, 60 kilometres southeast of Adelaide.

Terramin has identified a JORC standard 2.8 million tonne resource grading 14.1% zinc equivalent, including about 2.1 million tonnes Indicated and 0.7 million tonnes Inferred.

Drilling has identified additional targets beyond the main ore body that have the potential, Terramin says, to triple this figure.

Dr Moriarty said anticipated throughput from the mine is 400,000 tonnes per year, with the mined ore being concentrated on site then shipped by road to Port Adelaide for export to smelters.

Pre-feasibility studies by Terramin this year estimated net operating cash flows of at least A\$20 million per annum from a 400,000 tpa operation.

“This is a visually low impact mining operation, as it is contained within an existing limestone quarry, will be a shallow underground operation, and with surface treatment contained within conventional, medium-scale mining plant,” he said.

“We expect the mine, when fully operational, will employ 50 people and contribute to the local Strathalbyn and Fleurieu Peninsula economies.”

Terramin listed on the ASX late in 2003 and currently has 33.5 million ordinary shares quoted on the ASX. The shares are in a trading halt pending further developments.

Kevin Moriarty
Executive Chairman
4/05/05