



TERRAMIN AUSTRALIA limited

11 May 2005

Chairman's letter regarding resolutions:

Dear Shareholder,

You will notice that there is considerable business to be transacted at the upcoming general meeting. This is the outcome of our projects maturing toward production and cash flows; we need to finance their development and ensure that we have access to the best technical staff and directors.

Michael Kennedy will bring to the board skills acquired over many years in the mining industry, particularly in logistic and commercial aspects. Steve Bonnet has important legal and contractual experience.

You will see that there are several resolutions regarding issues of shares, options and convertible notes, the purpose of which is to ensure that Terramin can finance its move toward production at Angas while retaining its 100% ownership.

The issues to Sempra Metals & Concentrates Corp. will be used to fund the feasibility and design of the Angas Zinc project. In addition to subscribing for 2,000,000 shares at 25 cents, a premium to the share price at the time of writing, Sempra will also receive 4,000,000 options to subscribe for shares at 40 cents. In return, Sempra are to provide Terramin with capital to advance our Angas zinc project by subscribing to an issue of \$6,500,000 in convertible notes. The terms of these notes are favourable for Terramin, in that both capital and interest can be repaid in shares or cash at Terramin's option.

Sempra, a Fortune 500 company in the USA, is also effectively putting its financial muscle behind Terramin by providing an additional \$10 million in capital guarantees for project construction. This will ensure that the remainder of the capital can be obtained expeditiously and on good terms. Macquarie Bank have also subscribed for shares and will maintain close links with the project as it develops with a view to providing project financing.

At this time, Sempra have 3.3%, and Macquarie 6.5% of the ordinary shares. On a diluted basis (assuming all options are exercised), Sempra could acquire approximately 8.4% of listed shares. Sempra could also acquire shares if Terramin chooses to convert the convertible notes or pay interest by the issuing of shares to Sempra. The number of these shares will depend upon the share price at the time of issue.

All this provides your Company with a powerful basis for success in the development of the Angas project; in addition, the relationship with Sempra will also allow us to acquire other advanced projects that meet our criteria for early profitability.

I therefore recommend you support all resolutions and so position Terramin for a major growth phase.

Kevin Moriarty
Executive Chairman



NOTICE OF ANNUAL GENERAL MEETING

TERRAMIN AUSTRALIA LIMITED
ABN 67 062 573 238
(Company)

Notice is hereby given that the 2005 Annual General Meeting of members of the Company will be held at 63 Conyngham Street, Glenside, South Australia at 11.00 am on 15 June 2005.

Could you please advise us via email info@terramin.com.au or by contacting Cheryl Wills (08) 8274 2190 if you are attending so we can cater accordingly.

ORDINARY BUSINESS

1. ANNUAL REPORT AND ACCOUNTS

“To receive and consider the Annual Financial Report for the year ended 31 December 2004 together with the Directors’ Report and Auditors’ Report thereon.”

2. SEMPRA METALS & CONCENTRATES CORP (“Sempra”)- ORDINARY RESOLUTIONS 1, 2 AND 3

Resolution 1

“To approve the issue of 2,000,000 ordinary shares at an issue price of 25 cents per share to Sempra.”

Resolution 2

“Subject to the satisfactory undertaking of due diligence enquiries by Sempra and the negotiation and execution of formal legal documentation, to approve the issue of:

- (a) 4,000,000 unlisted options (*Options*) to Sempra on the following terms:
- an issue price of \$0.00;
 - each Option is to acquire 1 ordinary share in the Company;
 - an exercise price of \$0.40; and
 - an expiry period of 5 years from the date of issue; and

(b) ordinary shares in the Company upon the exercise of any of the Options.”

Resolution 3

“Subject to the satisfactory undertaking of due diligence enquiries by Sempra and the negotiation and execution of formal legal documentation, to approve the issue of 6,500,000 unlisted convertible unsecured redeemable early repayable securities (*Convertible Notes*) to Sempra on the following terms:

- each Convertible Note to have a face value of \$1.00;
- each Convertible Note to have an issue price of \$1.00;
- the maturity date to be 5 years from the date of issue;
- interest payable by the Company in cash or equivalent ordinary shares (at the option of the Company), at commercial rates. The number of shares issued in payment of interest will be calculated using the weighted average trading price of the Shares on the ASX over 5 trading days immediately preceding the due date for the payment of the interest;
- the Convertible Notes are convertible at any time by the Company issuing its shares plus the payment of any accrued interest in cash or shares;
- any shares issued on conversion of the Convertible Notes will rank *pari passu* with existing shares in the capital of the Company from the date of issue;

- in the event of non-conversion by the maturity date the Convertible Notes shall be redeemed for cash;
- the conversion price of the Convertible Notes shall be the weighted average trading price of shares in the Company on the ASX over the 5 trading days immediately preceding the conversion date; and
- the Convertible Notes shall be unsecured obligations of the Company and rank behind secured creditors, but ahead of shareholders.”

3. **MACQUARIE BANK LIMITED – RESOLUTION 4**

Resolution 4

“To approve the issue of 4,000,000 ordinary shares at an issue price of 25 cents per share to Macquarie Bank Limited.”

4. **EMPLOYEE OPTIONS – RESOLUTION 5**

Resolution 5

“To approve the issue of a maximum of 300,000 unlisted options (*Options*) to such employees of the Company (excluding the directors) as determined by the Board on the following terms:

- an issue price of \$0.00;
- each Option is to acquire 1 ordinary share in the Company;
- an exercise price of not less than a 50% premium on the weighted average trading price of shares in the Company on the ASX over the 5 trading days immediately preceding the issue date of the Options; and
- an expiry period of 5 years from the date of issue.”

5. **DIRECTOR APPOINTMENTS/OPTIONS/REMUNERATION - RESOLUTIONS 6 to 10**

Resolution 6

“To elect as a director of the Company Mr Steve Bonett with immediate effect.”

Resolution 7

“Subject to the election of Mr Steve Bonett as a director of the Company pursuant to Resolution 6, to approve the issue of 250,000 unlisted options (*Options*) to Mr Steve Bonett on the following terms:

- an issue price of \$0.00;
- each Option is to acquire 1 ordinary share in the Company;
- an exercise price of not less than a 50% premium on the weighted average trading price of shares in the Company on the ASX over the 5 trading days immediately preceding the issue date; and
- an expiry period of 3 years from the date of issue.”

Resolution 8

“To elect as a director of the Company Mr Michael Kennedy with immediate effect.”

Resolution 9

“Subject to the election of Mr Michael Kennedy as a director of the Company pursuant to Resolution 8, to approve the issue of 300,000 unlisted options (*Options*) to Mr Michael Kennedy on the following terms:

- an issue price of \$0.00;
- each Option is to acquire 1 ordinary share in the Company;

- an exercise price of not less than a 50% premium on the weighted average trading price of shares in the Company on the ASX over the 5 trading days immediately preceding the issue date; and
- an expiry period of 3 years from the date of issue.”

Resolution 10

“That the maximum amount of remuneration payable to the directors of the Company in their capacity as directors be increased to \$250,000 per annum”.

DATED this 11th day of May 2005.

BY ORDER OF THE BOARD

Pierre Van Der Merwe
Company Secretary

EXPLANATORY NOTES

1. ANNUAL REPORTS AND ACCOUNTS

Under the Company's Constitution, the business of an annual general meeting must include the receipt and consideration of the accounts and reports required by law for the past financial year. The meeting provides a forum for shareholders to ask questions on the reports and accounts.

2. SEMPRA METALS & CONCENTRATES CORP – ORDINARY RESOLUTIONS 1, 2 and 3

Resolution 1

The ASX Listing Rules require the Company to obtain shareholder approval if it issues, or agrees to issue, ordinary shares in the capital of the Company in any 12 month period that aggregate more than 15% in number of the existing ordinary shares of the Company (**15% Rule**). The ASX Listing Rules further provide that an issue of securities made without such approval is treated as having been made with approval if the Company's shareholders subsequently approve the issue. This has the effect of allowing the shares previously issued to not be calculated when calculating the number of shares issued in the 12 month period for the purposes of the 15% Rule.

The Company has issued 2,000,000 ordinary shares at an issue price of 25 cents per share to Sempra. In aggregate with the other potential issues to Sempra as outlined below, the number of shares to be issued by the Company within the relevant 12 month period may exceed 15% in number of the existing ordinary shares in the Company. The Company therefore seeks shareholder approval for the previous issue in terms of Resolution 1.

The purpose of the issue of the shares is to fund the Company's activities.

Resolution 2

The Company is proposing to issue to Sempra 4,000,000 unlisted options each to acquire 1 ordinary share in the Company at an exercise price of 40 cents each. As completion of that issue, in aggregate with the other issues to Sempra as outlined in Resolutions 1 and 3, may result in the issue of new ordinary shares exceeding 15% in number of the existing ordinary shares in the Company, the Company seeks shareholder approval for the proposed issue in terms of Resolution 2 for the purposes of the 15% Rule.

The options will be issued no later than 15 September 2005 (being 3 months after the date of the annual general meeting). The allotment of the options, and the shares upon exercise of the options, will occur progressively.

Resolution 3

The Company is proposing to issue to Sempra 6,500,000 unlisted convertible unsecured redeemable early repayable securities on the terms set out in Resolution 3 (**Convertible Notes**). For the purposes of the 15% Rule, the ASX deems each Convertible Note to be the equivalent of the number of shares it is potentially convertible into. As such, the issue of the Convertible Notes may result in the issue of securities that aggregate more than 15% in number of the existing ordinary shares in the Company within a 12 month period. The Company therefore seeks shareholder approval for the proposed issue in terms of Resolution 3 for the purposes of the 15% Rule.

The purpose of the issue of the Convertible Notes is to fund the feasibility and exploration for additional resources at the Angas Zinc Project in South Australia.

The Convertible Notes will be issued no later than 15 September 2005 (being 3 months after the date of the annual general meeting). The allotment of the Convertible Notes, and shares issued pursuant to the terms of the Convertible Notes, will occur progressively.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolutions 1, 2 or 3 by:

- Sempra; and
- any associate of Sempra.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

3. MACQUARIE BANK LIMITED – RESOLUTION 4

For the purpose of the 15% Rule, the ASX Listing Rules provide that an issue of securities made without such approval is treated as having been made with approval if the Company's shareholders subsequently approve the issue. This has the effect of allowing the shares previously issued to not be calculated when calculating the number of shares issued in the 12 month period for the purposes of the 15% Rule.

The Company has issued 4,000,000 ordinary shares at an issue price of 25 cents per share to Macquarie Bank Limited. In aggregate with the other potential issues to Sempra as outlined above, the number of shares to be issued by the Company within the relevant 12 month period may exceed 15% in number of the existing ordinary shares in the Company. The Company therefore seeks shareholder approval for the previous issue in terms of Resolution 4.

The purpose of the issue of the shares is to fund the Company's activities.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by:

- Macquarie Bank Limited; and
- any associate of Macquarie Bank Limited.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

4. EMPLOYEE OPTIONS – RESOLUTION 5

The Company seeks ordinary shareholder approval to authorise the issue of a maximum of 300,000 unlisted options to such employees of the Company as determined by the Board for an issue price of \$0.00 and with an exercise price of not less than a 50% premium on the weighted average trading price of shares in the Company on the ASX over the 5 trading days immediately preceding the option issue date and an expiry period of 5 years from the date of issue.

None of the employees to whom these options will be issued are related parties of the Company.

The options will be issued no later than 15 September 2005 (being 3 months after the date of the annual general meeting). The allotment of the options, and the shares issued upon exercise of the options, will occur progressively.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by:

- any employees of the Company; and
- any associate of an employee of the Company.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

5. DIRECTOR APPOINTMENT AND ISSUE OF OPTIONS – RESOLUTION 6, 7, 8 and 9

Resolution 6

The board of the Company is pleased to propose the election of Mr Steve Bonett as a director of the Company.

Mr Bonett is a partner of Finlaysons Lawyers. He is recognised as an expert in the field of corporate and commercial law and corporate governance. Mr Bonett has advised the Company on such matters as its 2003 float on the ASX, recent fundraising activities and joint ventures. The board considers that this expertise will contribute to Mr Bonett's role as an independent director on the board of the Company and will bring further expertise to the board as the Company moves forward.

The Board unanimously recommends that the shareholders resolve to elect Mr Bonett as a director of the Company.

Resolution 8

The board of the Company is pleased to propose the election of Mr Michael Kennedy as a director of the Company.

Mr Kennedy began his career in 1971 with the Department of Industry & Trade, providing advice and assistance to small/medium companies seeking export market exposure, and subsequently with Humes Limited in the export marketing of concrete pipes and products, and particularly the export of technology, industrial know-how and the development of off-shore investment opportunities.

He then joined C. Tennant & Co of New York as a metal and concentrate trader before leaving to join CRA.

From 1979 to 1989, he held a number of senior marketing & logistics roles within the CRA Group of companies. This included 4 years on site with Bougainville Copper Limited in Papua New Guinea, where he was involved in the marketing and logistics of the mine's concentrate into smelters in Japan, China, Korea and Europe, plus into the aggressive trader market.

After Bougainville he transferred to Australian Mining & Smelting, the non-ferrous metals (copper/lead/zinc) arm of the CRA Group. He was involved in the raw material sales from the Broken Hill, Cobar & Woodlawn mines and the raw material supply into Port Pirie lead smelter, Budel zinc smelter (Netherlands), Avonmouth (UK) and Cockle Creek (Newcastle) zinc/lead smelters, and the Port Kembla copper smelter.

In 1989, he left the CRA Group to form a specialist trading company, Colwell Kennedy Australia Pty Ltd. This company successfully established a significant trading role in non-ferrous metals and concentrates (zinc, lead and copper and extended into aluminium metal and scrap). Korea Zinc was one of the major clients and eventually purchased the company in 1991, together with long term service commitment of Michael Kennedy as their entry point into the Australian zinc industry.

He was resident Director of the Korea Zinc group of companies in Australia from 1991 until early 2005. During that period, he was directly involved in all aspects of the group's establishment and subsequent growth into a major corporate presence in the Australian zinc industry.

The Board unanimously recommends that the shareholders resolve to elect Mr Kennedy as a director of the Company.

Resolutions 7 and 9

The ASX Listing Rules (in particular, Listing Rule 10.11) require that the Company obtain the approval of ordinary shareholders for the issue of securities to its related parties. The related parties of the Company includes its directors.

The Company intends to issue options to Messrs Bonett and Kennedy, as a component of their remuneration, on the terms set out in Resolutions 7 and 9 should the shareholders resolve to elect them as directors of the Company.

The Company therefore seeks ordinary shareholder approval to authorise the issue of options on the terms set out in resolutions 7 and 9.

The options will be issued no later than 15 July 2005 (being 1 month after the date of the annual general meeting).

The allotment of the options, and the shares upon exercise of the options, will occur progressively.

Resolution 10

The Company's constitution provides that the total annual remuneration payable to directors of the Company may not exceed an amount fixed by the Company in general meeting. Further, the ASX Listing Rules require shareholder approval in order for the Company to increase the total amount of directors' fees payable by it. Currently that amount is fixed at \$150,000 per annum.

As it is proposed that the board of the Company be increased from 3 directors to 5 directors, the board considers it necessary to increase the maximum remuneration payable so as to have the capacity to fairly remunerate the new directors. It is proposed that the maximum amount be increased to \$250,000 per annum. If approved, this will become the maximum amount payable to the directors as a whole, as opposed to each director.

As such, the Company therefore seeks ordinary shareholder approval in the form set out in Resolution 10.

Voting Exclusion Statement

The Company will disregard any votes cast on:

- Resolutions 6 and 7 by Mr Steve Bonett and any associate of Mr Steve Bonett;
- Resolutions 8 and 9 by Mr Michael Kennedy and any associate of Mr Michael Kennedy;
and

- Resolution 10 by any director of the Company (including Messrs Kennedy and Bonett) and any associate of those person.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

6. PROXIES

A member entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the member at the Meeting. A proxy need not be a member. If the member is entitled to cast 2 or more votes at the Meeting the member may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the members votes each proxy may exercise, each proxy may exercise half of the votes. A form of proxy is attached with this notice.

Individuals or companies who wish to appoint a proxy must use the proxy form accompanying this notice and deposit it with the Company by no later than 48 hours before the commencement of the meeting. Your appointed proxy/proxies should present a copy of the completed proxy form/s accompanying this notice at the registration desk on the day of the meeting.

Corporate Representatives

A company that has appointed a corporate representative to vote on its behalf at the meeting must either forward evidence of the appointment to the Company's share registry, Computershare Investor Services Pty Ltd, or present that evidence at the registration desk on the day of the meeting. A Certificate of Appointment of Corporate Representative can be obtained by contacting Computershare Investor Services Pty Ltd, whose contact details are set out in the proxy form.

In accordance with section 250BA of the Corporations Act 2001, the Company specifies the following information for the purposes of receipt of proxy appointments:

Terramin Australia Limited
28 Greenhill Road
Wayville SA 5034

Facsimile Number: + 618 8274 2191

7. VOTING ENTITLEMENT

Terramin Australia Limited (as convenor of the Meeting) has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of members as at 7.00pm Adelaide time on the 13th day of June 2005.

This means that any Shareholder registered at 7.00pm Adelaide time on the 13th day of June 2005 is entitled to attend and vote at the Meeting.



TERRAMIN AUSTRALIA LIMITED
ABN 67 062 576 238
(Company)

FORM OF PROXY

I/We,
of
a member/members of the Company hereby appoint
.....
of
or failing him/her
of
or failing him/her, the Chairman of the meeting, as my/our proxy at the Annual General Meeting of the Company to be held commencing at 11.00am on 15 June, and at any adjournment thereof and to vote for me/us on my/our behalf in respect of all/the following:

*

of my/our shares in the following manner:

	For	Against	Abstain
Resolution 1			
Resolution 2			
Resolution 3			
Resolution 4			
Resolution 5			
Resolution 6			
Resolution 7			
Resolution 8			
Resolution 9			
Resolution 10			

The proposed Chairman of the meeting has informed the Company that it is his intention to vote in favour of all Resolutions in the notice in respect of any undirected proxies which may be granted in respect of the Chairman.

If you do not wish to direct your proxy how to vote, please place a mark in this box:

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him other than as a proxy holder will be disregarded because of that interest.

DATED this day of 2005.

)
)
)
.....
Individual, Attorney or Joint Holder 1

)
.....
Sole Director and Sole Company Secretary

OR

.....
Joint Holder 2
.....
Joint Holder 3

.....
Director

AND

.....
Director/Secretary

Notes:

1. Each proxy form and the power of attorney or a certified copy thereof (if any) under which it is signed must be received by the Company at Terramin Australia Limited, 28 Greenhill Road, Wayville, SA, 5034, facsimile number +618 8274 2191, not later than 48 hours before the appointed time of the meeting.
2. Proxy forms executed by a corporation must be in accordance with the requirements of the Corporations Act or under the hand of its attorney.
3. Should you desire to direct your proxy on how to vote, place a cross in the appropriate box for each item, otherwise your proxy may vote as your proxy thinks fit or abstain from voting.
- *4. If 2 proxies are appointed you may delete "all" and insert the relevant number or proportion of shares in respect of which each such appointment is made. A separate proxy must be completed for each proxy.