



**ASX  
Shareholder  
Report**

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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.*

**SOUTH AUSTRALIA'S LARGEST  
ZINC DEPOSIT TO BE FAST-TRACKED  
UNDER NEW TERRAMIN-ZINIFEX JV**

Resource definition of the largest lead, zinc and silver deposit in South Australia is to be fast-tracked under a heads of agreement announced today between the deposit's owner, Terramin Australia Limited, and Melbourne-based Zinifex Australia Limited.

The agreement will see up to A\$8 million injected by Zinifex – one of the world's largest integrated lead and zinc companies - into the Menninnie Dam project, west of Port Augusta.

For Terramin, it is its third major breakthrough on its two South Australian lead and zinc projects in the past two weeks.

The Company has secured a life-of-mine offtake agreement and up to A\$17 million in support for its Angas project south of Adelaide, from international metals trader and energy group, Semptra Metals & Concentrates Corp.

Macquarie Bank Limited has also secured a 6.8% stake in Terramin (ASX code: "TZN") through a A\$1 million placement.

Under the Menninnie Dam agreement announced today, Zinifex must:

- Spend a minimum A\$2 million on the project's exploration and development by 31 December 2006, but with no project entitlement
- 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.

"Menninnie Dam is South Australia's largest lead/zinc deposit and is only 160 kilometres from the world's largest dedicated lead smelter, at Port Pirie," Terramin Executive Chairman, Dr Kevin Moriarty, said today.

"Substantial drill intersections over six kilometres have already confirmed the significance of this mineralisation, estimated to have a 20 million tonne envelope in the central area alone," Dr Moriarty said.

*(more)*

# TERRAMIN AUSTRALIA limited

ABN 67 062 576 238

“Strategically, recent drill results of 8 metres grading 18% lead from 27 metres has amplified the potential for near-surface resources of lead and zinc oxides,” he said.

“The tenement hosts a number of opportunities for diversified metals exploration and development and as it covers more than one hundred square kilometres, could potentially host several deposits in excess of 100 million tonnes.

“Combined with the impetus behind our Angas project, Terramin is rapidly delivering a new generation of lead-zinc projects in Australia backed by international class partners able to deliver the development, financial and sales clout needed to get both projects into production.”

Zinifex owns the world-class open cut Century lead-zinc mine in Queensland as well as the Rosebery underground lead-zinc mine in Tasmania. The Company also operates two smelters in Australia (Hobart and Port Pirie) and two overseas (Budel in the Netherlands and at Clarksville in Tennessee in the US).

Dr Moriarty said Zinifex’s track record of selling 80% of its product outside of Australia – particularly into Asia, bode well for future offtake agreements for any commercialisation of Menninnie Dam.

