



TERRAMIN AUSTRALIA limited

## **ASX Shareholder Report**

January 19, 2006

*Enquiries on this report  
or the Company business  
may be directed to:*

*Kevin Moriarty  
Executive Chairman  
08 8274 2190*

*Website Address:  
terramin.com.au*

*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.*

## **No equity required to fund Angas Zinc Project: Terramin**

Development of the Angas Zinc Project can be funded with debt and metal offtake agreements rather than equity, Terramin Australia Limited (ASX 'TZN') announced today.

Responding to shareholder questions, Executive Chairman, Dr Kevin Moriarty, said Terramin saw no requirement for equity funding for the Angas project, south of Adelaide.

"Our life-of-mine offtake agreement with the world-class Sempra Metals and Concentrates Corp includes a 75% payment at the mine gate," Dr Moriarty said.

"Normally you have to wait for payment until the metal is refined and sold, which can take six months, as against the Sempra arrangement which substantially reduces our working capital requirements.

"Sempra has already provided US\$5.5 million and we are using those funds to secure, in advance, capital items for the project. Sempra is also guaranteeing an additional \$10 million for project finance.

"I see no requirement for equity raisings, now or in the foreseeable future, for Angas or our other SA zinc project, Menninnie," he said.

Dr Moriarty said that debt financing would cover the Company's remaining capital requirements for the Angas project, and Terramin had commenced discussions with several banks.

"Our Menninnie zinc project, west of Port Augusta, is fully funded by Zinifex which is committed to fast tracking the definition of resources, and we expect to have three diamond rigs drilling on site from April.

"Terramin's aim in all of our projects is to minimise dilution of shareholders' capital and we are achieving this in a tight market for zinc concentrates by selling off-take rights," he said.

The Angas Zinc Project is currently proceeding through the regulatory process towards the granting of a mining lease, and a feasibility study is also near completion.

Dr Moriarty said the previous A\$36 million capital estimate for the project was expected to be somewhat higher due to construction cost increases in the past year. He pointed out however, that reported reserves had increased and zinc prices were up by over 70%.