



ASX Shareholder Report

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*Terramin is a dedicated
base metals company
focused on early
development of the
Angas Zinc project
and acquiring advanced
zinc projects close to
infrastructure.*

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*The information in this report that relates to
exploration activity was compiled by Dr
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Competent Person as defined by the JORC
Code..*

FIRST OFFSHORE EXPANSION

ADVANCED AFRICAN ZINC PROJECT

Terramin Australia Limited (ASX code: TZN) has announced its first expansion overseas – taking a 65% joint venture interest in a 50 million tonne zinc project in north Africa.

Terramin – which is scheduled to bring its Angas zinc project near Adelaide into production next year with another on SA's Eyre Peninsula underway in partnership with Zinifex Australia Limited – released details today of its first international move.

It involves Terramin expending up to US\$6.6 million to reach a decision to mine on Oued Amizour, a zinc project close to the deepwater port of Bejaia on the Mediterranean coast of Algeria – the second largest country in Africa and located close to key zinc markets in Spain and Europe.

Terramin has a 65% shareholding in the project through a newly incorporated Algerian holding company, Western Mediterranean Zinc (WMZ).

The announcement of the overseas expansion coincides with advanced discussions by Terramin with international zinc refiners and merchants to fund development of Oued Amizour in return for offtake agreements. Macquarie Bank has recently taken an increased stake in Terramin to assist its expansion.

**Kevin Moriarty
Executive Chairman**

(more)

Terramin surpassed five other foreign companies in winning the tender for the project from the Algerian Government.

“Liberalisation and moves toward creating a market economy in the past few years have led to the Algerian Government seeking partners for the development of a mine at Oued Amizour,” Terramin’s Executive Chairman, Dr Kevin Moriarty, said today.

“Under an agreement concluded with Enterprise Nationale Des Produits Miniers Non-Ferrous et De Substances Utiles (ENOF), the new Algerian company, WMZ, has been incorporated,” Dr Moriarty said.

“Terramin will have a 65% shareholding, ENOF 32.5%, and another Algerian company, ORGM, 2.5%. ENOF and ORGM are both government owned bodies involved in exploration, mining and related activities.

WMZ will hold title to the Oued Amizour deposit and surrounding highly prospective exploration areas.

“Terramin will manage and finance this advanced project to a decision to mine, with ENOF and ORGM contracting administration and technical services,” Dr Moriarty said.

Location and Resources

Discovered in the 1990s by an Algerian government exploration company, the Oued Amizour zinc deposit is favourably located only 10 kilometres from Bejaia.

Bejaia has an international airport with daily flights to Europe and Algiers, and is a major port for the export of oil and gas from the Saharan fields where BHP Billiton is active.

“Previous published resource estimates for Oued Amizour by ORGM, based on 39 drill holes of which 25 intersected mineralisation, were 30 million tonnes at 5.5% Zn and 1.4% Pb, including 11 million tonnes at 10.9% Zn and 3% Pb,” Dr Moriarty said.

The main deposit has an average thickness of 98 metres while the high grade core is 49 metres thick. The overall shape is lensoidal with an EW dimension of 760m and NS width of 350m”.

“We have investigated the ORGM work and found it to be a very competent analysis.”

“3D Vulcan modelling by Terramin of the available results revealed a compact 50 million tonne deposit with a high grade core. The mineralisation is open in several directions and at depth.”

Terms of Agreement

Under the terms of the Algerian acquisition announced today, Terramin has agreed to:

- a. Expend up to US\$6.6 million to a Decision to Mine, on the Oued Amizour zinc project and exploration in Algeria;
- b. Spend a minimum of US\$500,000 on exploration within the Oued Amizour Exploration Permit; and
- c. Manage the capital raising for WMZ in the event that it approves a Decision to Mine.

While Terramin can withdraw after spending US\$500,000, “the reality is that the project has a large (non-JORC) resource and the Company is planning a long-term involvement,” Dr Moriarty said.

Project growth strategy

“The project satisfies the successful Terramin strategy to acquire advanced projects with speedy, low cost evaluation and low capital expenditure requirements. We plan to drill several new holes through the centre of the deposit to confirm previous drill assays and then calculate a JORC-compliant resource,” Dr Moriarty said.

“Further drilling will then continue around the deposit because geological studies suggest extensions of the known mineralisation and other deposits are likely to occur in the immediate area.”

“We have used the ORGM work in 3D Vulcan modelling and planning of confirmatory drilling and ongoing resource definition.” Dr Moriarty said. “Terramin will confirm the ORGM analysis by mid 2006 with new holes. The average spacing of 100m for the existing holes will then be closed in to 50 metres by an infill programme commencing with the high grade core.”

“Our estimates suggest the whole deposit could be economically mined at long term zinc prices and we will be scoping a 1 to 3 million tonnes per annum.”

Dr Moriarty also confirmed that Terramin had been approached by a number of zinc refiners and merchants interested in funding the Oued Amizour project in return for offtake agreements.

“Negotiations for such agreements will commence after the calculation of a JORC resource,” he said.

ASX listed resource financier and infrastructure developer, Macquarie Bank Ltd, is a major stakeholder in Terramin, recently increasing its stake to 8.2%.

View of Oued Amizour Zinc deposit area showing drill tracks

