



ASX Shareholder Report

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*Terramin is a
dedicated
base metals
company focused
on developing zinc
mines close
to infrastructure.*

Zinc cash cost profit margin increases for highly competitive Angas mine

New figures for Australia's next zinc mine – Terramin Australia Limited's Angas project at Strathalbyn near Adelaide – reveal a zinc cash cost of US 18 cents per pound (after credits).

The current zinc price - of around US\$1.34 price per pound - is more than seven times Angas' estimated production costs.

Executive Chairman, Dr Kevin Moriarty, said today new cost figures are contained in the final feasibility study to be released late this month following receipt of remaining tenders.

"The considerable differential between production cost and on-market commodity prices for zinc underpins the long-term potential for Angas," Dr Moriarty said.

"The price-cost differential even accommodates our decision earlier this year to increase capital costs by between \$10-15 million to enhance the mine's environmental integrity," he said.

"We are currently in advanced negotiations with several banking groups to realise full debt funding for the capital works program".

Other figures released by Terramin today show:

- The Angas JORC compliant mine plan reserve is 2.34 million tonnes at 8.1% zinc, 3.1% lead, 33 g/t silver and 0.5 g/t gold
- Initial mine, process plant, site infrastructure and tailings storage facility capital cost is estimated at A\$63 million (including a 10% contingency) compared to the more than \$50 million estimate in February this year
- Average life of mine cash costs (mining milling, freight and administration) are estimated at A\$79 per tonne mined
- The average cash cost is estimated at US 18 cents/lb zinc (after lead and silver credits)
- The average total cost is estimated at US 37 cents/lb zinc (after lead and silver credits)
- In its first year of full operation, 2008, forecast net cash flow would be A\$75 million at current metal prices
- If current world zinc prices are maintained, the project would generate net cash flows of A\$343 million before hedging interest, tax and depreciation over its initial seven year life.

Dr Moriarty advised current metallurgical investigations were focused on production of a copper-lead concentrate targeting the coincident recovery of payable gold credits.

(more)

Angas: first four years provisional production schedule

	2007	2008	2009	2010
Mined tonnes	151,000	398,000	431,000	392,000
% Zinc	6.40	9.62	8.04	6.96
% Lead	2.23	3.32	3.16	2.81
g/t Silver	23	38	30	32
Milled tonnes	151,000	398,000	400,000	400,000
Zinc concentrate				
Conc grade-% Zn	52	52	52	52
Recovery (%)	87	91	90	88
Tonnes	16,000	66,900	55,200	46,900
Silver-lead concentrate				
Con grade-% Pb	60	60	60	60
-g/t Ag	510	535	440	530
Recovery (%)	80	87	86	84
Tonnes	4,500	19,000	18,000	15,700