



ASX Shareholder Report

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

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Sempra Metals & Concentrates LLC funding and marketing alliance with Terramin Australia, Tala Hamza zinc project, Algeria.

Sempra has agreed to purchase 100,000 tonnes of zinc concentrate per annum from the commencement of production at Tala Hamza for a period of 5 years, with an option to extend for a further 5 years. The pricing under the agreement will be based on European benchmark terms.

The tonnage agreement is only a portion of the potential initial and ultimate production rate forecast currently the subject of on-going technical studies. The uncommitted production easily accommodates the commitment to supply the Algerian domestic market with metal.

Sempra has also agreed to subscribe for USD15 million of five year unlisted convertible redeemable notes with a coupon LIBOR plus a margin reducing to 200 basis points.

The notes are convertible into Terramin ordinary shares at the election of the Company (at any time) or at the election of Sempra (after the earlier of two years or completion of the definitive feasibility study) at the volume weighted average Terramin share price for the period immediately prior to conversion. Interest may be paid in cash or shares at the election of the Company.

The terms of the existing USD5.05 million of unlisted convertible notes issued in June 2005, to assist with financing the Angas feasibility study (production commences early second half 2008) will be amended to align with the terms of the new issue.

The agreements are subject to the satisfaction of certain conditions.

Proceeds from the convertible note issue complete the pre-feasibility study funding requirements for Tala Hamza.