



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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Angas mine refinance to lift 2009 cash flows

Terramin Australia Limited (ASX:TZN) today announced the successful completion of a restructure of financing arrangements originally put in place to fund the development of the Angas project.

The refinancing will reduce Terramin's debt amortisation payments in 2009 from \$25 million to \$2 million which will free up significant cash flow for the accelerated development of the Company's flagship Tala Hamza project.

The refinancing involves the close out of the Company's lead-zinc hedge book, a loan restructure, an equity placement and a convertible note issue.

Investec Bank (Australia) Limited has agreed to replace the existing project finance loans (\$45m over 36 months) with a corporate facility of \$35 million (including \$5 million in bank guarantees) over 54 months. The bulk of the repayment schedule is weighted towards the maturity date of the facility which provides additional working capital to Terramin in the early years. The new facility does not include mandatory hedging requirements and includes the issue of 3,125,000 options to Investec with an exercise price of \$2.80 per option.

As part of the refinancing, Terramin has also undertaken an \$11m capital raising which comprises an institutional placement of 3.55 million shares at \$1.70 (to raise \$6m) and the issue of \$5 million of unlisted 8% unsecured convertible notes at \$2.21 per note with a term of 5 years.

Austock Corporate Finance Pty Ltd and Commonwealth Securities Limited are Joint Lead Managers for the share placement.

Commenting on the refinancing, Terramin's Executive Chairman Dr Kevin Moriarty, said "the new corporate loan facility provides Terramin with additional flexibility now that the Angas mine is in production. The removal of the hedging requirement will allow the Company to choose its own timetable on forward sales and to fully benefit from the expected upswing in metal prices."

Dr Moriarty said freeing up cash flow in 2009 will enable Terramin to advance the much larger Tala Hamza mining operation. "We have accelerated feasibility studies for the first stage of the Tala Hamza development to first quarter 2009, well ahead of schedule. We will be looking to start permitting and design for the mine in mid April."