



TERRAMIN AUSTRALIA limited

4th Quarter 2004

Corporate

Kevin C Moriarty	Executive Chairman <i>BSc (Hons), PhD, MAusIMM</i>
David A Paterson	Director <i>BAppSc, GradDip Bus Admin., MAusIMM</i>
Colin G Jackson	Director <i>BSc (Hons), MSc, DIC, GradDip Bus Admin., MIMMM</i>
Peter E Cox	Company Secretary <i>FCA</i>

Shareholder Structure

Shares on issue	55,235,005
Quoted	32,660,000
Options (20 cent):	
Xstrata	2,000,000
Other	8,523,500

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.

OVERVIEW

Angas Zinc Project

- Substantial high grade resource defined in Rankine Deposit
- Potential for doubling the resource in sparsely drilled extensions
- Preliminary mining design and scheduling identify optimum production rates in excess of 300,000 tpa
- Net operating cash flows in excess of \$10 million per annum scoped on basis of 300,000 tpa mine
- Large conductive anomaly points to substantial new metal body parallel to Rankine trend
- Feasibility studies underway



Menninnie Project

- High grade drill intersections confirm continuity and grade of mineralisation in sulphide zone
- High grade lead discovery in the near surface oxide zone confirms lead and zinc oxide potential above the deeper sulphide zones
- Major copper-zinc targets attract funding from SA Government for drilling programme

Business Development

- Terramin is negotiating with major metal traders and refiners for off-take agreements tied to financing of the feasibility and development of its projects
- Terramin is acquiring rights to advanced zinc projects with focus on grade and infrastructure
- These projects will position Terramin with a strong zinc, lead and copper portfolio in the strengthening commodity “super cycle”

Chairman's Review

In earlier reviews I expressed the opinion that zinc fundamentals pointed to resurgence in demand and price. During the quarter zinc prices have increased and there is a continuation of the tight market for concentrate output from both lead and zinc mines. Metals traders and refiners have approached Terramin seeking off-take agreements and offering funding to fast track feasibility studies and development. Terramin is currently negotiating to obtain the best financing terms for its projects and I am confident that the outcome will bring considerable benefit to shareholders.

Terramin has been focussed on defining high-grade resources at its Angas and Menninnie projects, with the aim of early production and cash flows. At Angas this work has been successful in defining a high-grade resource extending from the surface. During the quarter an expansion of the resources to 2,800,000 tonnes placed the project securely within reach of profitable development. Mine design, scheduling and metallurgical results for preliminary feasibility reporting are expected in February 2005. A revision of the scoping study, based on an optimum minimum mining rate of 300,000 tpa, estimated net operating cash flows is excess of \$10m pa. There is ample scope to increase this value by expanding the resources so we can plan for higher production rates and longer mine life. Our immediate aim is to complete the preliminary feasibility work and drill to define further resources to extend mine life. It is estimated that shallow targets like the Hanging Wall and Garwood shoots could add several years of mine life and allow increased production rates. These will be drilled in February 2005.

Given the positive fundamentals for lead and zinc, and the need of metal traders and refiners to secure supply of concentrates, Terramin is expanding its portfolio and is negotiating for the rights to other advanced base metal projects. It will fund these projects by negotiating off-take agreements.

Terramin has found opportunities for acquiring sizeable projects that have not been developed because of previously unfavourable conditions, including the low zinc prices prevailing for some years. Our criteria for the assessment of base metal projects are designed to maximise the prospect of early development in association with a major metal refiner; these include:

- Nearness to infrastructure i.e. ports, roads, power, workforce. Having these in proximity means not only lower development and capital costs, but also low cost production and transport –an important factor in bulk commodity profitability;
- High grade deposits or large (greater than 1 million tonnes contained metal) deposits with a high grade core to ensure viability;
- Reasonable security and investment conditions.

Terramin has finalising terms for the acquisition a large lead-zinc deposit fitting our criteria and assessing others.

I look forward to reporting a favourable pre-feasibility result soon and the commencement of feasibility and design for a mine at Angas. We are developing a strategy to capitalise on the considerable potential of the Menninnie project and I expect to advise progress on that in the near future.

Kevin Moriarty
Executive Chairman

PROGRESS DURING THE QUARTER

Portfolio

Late in the quarter a significant advance in the portfolio occurred when Terramin reached agreement to purchase the 40% interest held by Western Metals Ltd (receivers and managers appointed; in liquidation) in the Fleurieu and Menninnie Dam tenements.

This transaction delivers an unencumbered 100 percent ownership of the zinc lead silver resources at Angas and Menninnie.

It supersedes the original call option (comprising the issue of \$1m in shares and the grant of a 2.5 percent royalty over production), and is a superior financial outcome.

The consolidation of ownership increases the options for financing and development of the projects. In addition to the core zinc projects, the tenements cover some 1000 square kilometres prospective for copper, zinc, lead and precious metals.

Personnel

Terramin is building its team to manage feasibility studies on advanced projects and conduct mining operations. Jonathon Trewartha has been appointed project manager for the Angas feasibility study. He has 16 years mining experience including Perilya's Broken Hill operations, CBH at the Elura zinc mine, and WMC at Olympic Dam. He has a broad range of operational, technical and project management experience.

Angas Zinc Project– EL 2839

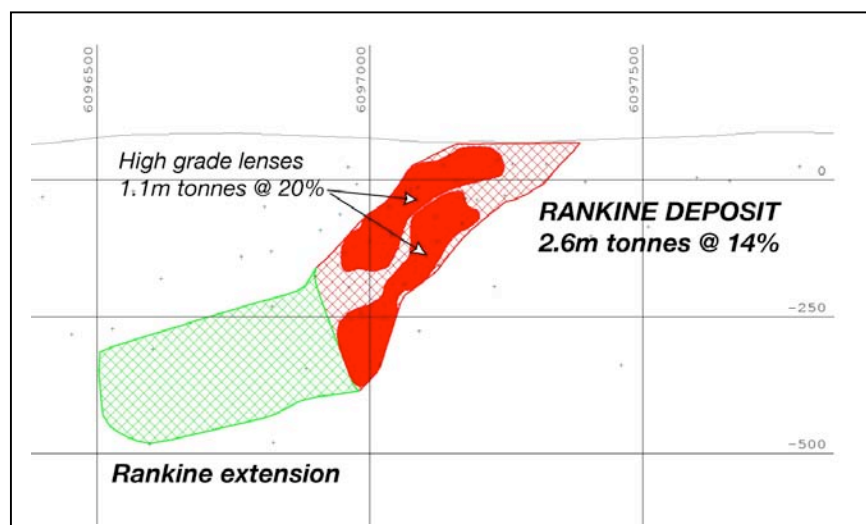
(Terramin 100%)

The Angas Zinc project is located under an industrial zone and quarry, about 60 km from Adelaide.

Angas has defined resources of 2.8 million tonnes grading 14.1% zinc equivalent, including substantial deposits grading 20% ZnE. Scoping studies have estimated net operating surpluses in excess of \$10m pa and feasibility studies are underway. There is ample potential to increase the resource.

Rankine Deposit

Assaying of recent holes in and around the Rankine deposit was completed and a new resource calculated. The project contains inferred and indicated resources of 2.8 million tonnes grading 14% zinc equivalent, including an indicated resource at 6% cutoff of 1.5 million tonnes @ 11.1% zinc, 3.9% Pb, 44 g/t Ag and 0.5 g/t Au. Total contained metal, expressed as zinc equivalents, is 390,000 tonnes zinc.



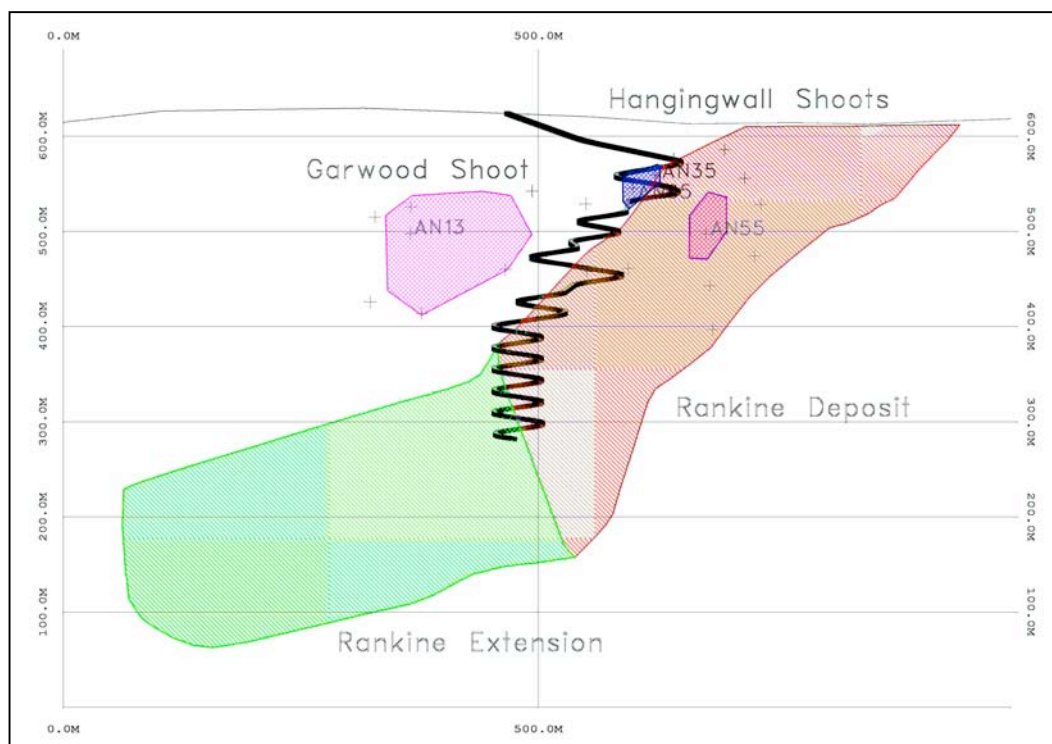
The bulk of the resource occurs within the Rankine Deposit - a Broken Hill style coarse grained zinc-lead-silver shoot. The Rankine deposit extends over 500m, plunging to the south at 45° from within 5m of surface to a depth of approximately 450m.

The mineralisation is open at depth, and several drill holes beyond the resource contain resource grade zinc intersections, indicating potential to add to the resource. This zone has been termed the Rankine Extension and is considered to have potential for 2-3 million tonnes.

Garwood and Hanging Wall shoots

Other high grade deposits occur close to the Rankine and further drilling is expected to define resources which could be mined with the Rankine operation.

For example hole AN 55 from within the deposit returned 6.7 metres at 11% Zn+Pb equivalent from 131.7 metres – about 18m above the main Rankine shoot. Nearby holes returned similar intersections suggesting the Hanging Wall shoots have potential for 300,000 tonnes at shallow depths. The Garwood Shoot is based on one hole AN13 which intersected 8m at 15.5% Pb+Zn from 158m and carries potential another 300,000 tonnes. Several follow up holes will be aimed at defining indicated resources in these shoots during February 2005.

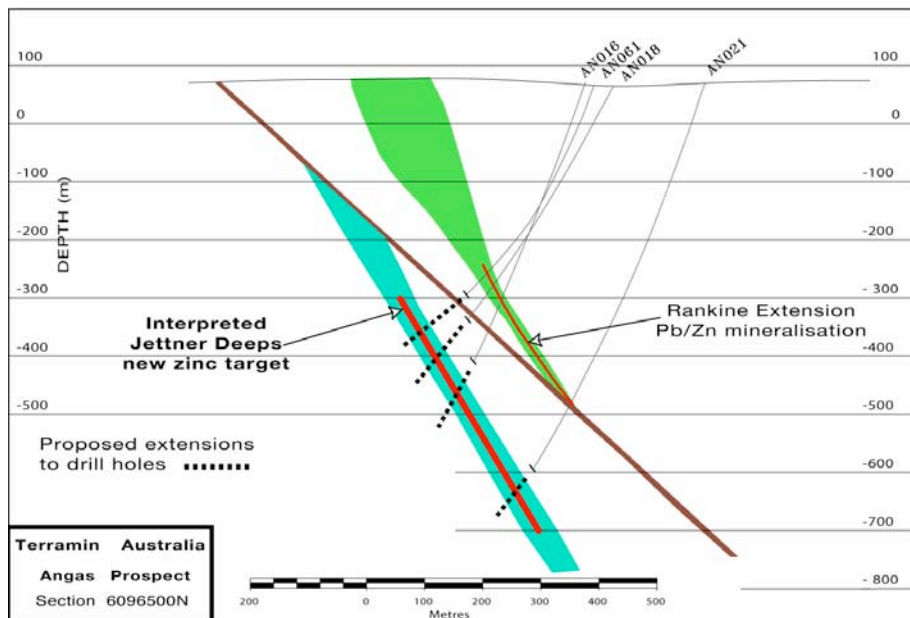


Gemmel Area

Located immediately north of Rankine, this area was thought likely to host zinc deposits based on MIMDAS and metal rich soil anomalies. Instead, four holes drilled by Terramin intersected precious metal mineralisation over intervals of 9 to 34 metres. For example, AN 49 intersected 12 metres at 0.78 g/t Au and 7.7g/t silver, including 5 metres at 1.48 g/t Au. AN 51 intersected 21 metres at 0.51 g/t Au and 4.9 g/t Ag. Full results are attached. In the same area, an earlier hole AN 7 had intersected 26 metres at 0.62 g/t Au.

ANGAS RESOURCE	tonnes	Pb %	Zn %	Ag g/t	Cu %	Au g/t	ZnE %
Indicated Mineral Resource							
Rankine Deposit	2,080,000	3.1	8.7	36	0.2	0.4	13.4
includes (at 10% PbZn cutoff)	1,120,000	4.6	12.8	50	0.3	0.6	19.5
Inferred Mineral Resource							
Rankine Deposit	490,000	3.3	8.9	46	0.2	0.9	14.5
Garwood Shoot	175,000	5.8	11.1	87	0.3	1.1	20.4
AN21 Shoot	35,000	4.7	6.5	103	0.2	0.3	13.8
Total Inferred Resource	700,000	4.0	9.4	59	0.2	0.9	15.9
Rankine Resource (Indicated + Inferred)	2,570,000	3.1	8.8	38	0.2	0.5	13.6
Total Angas Resource	2,780,000	3.3	8.9	42	0.2	0.6	14.1

Jettner Deeps Target



Electromagnetic (EM) surveys identified a substantial conductive anomaly at depth along plunge and beneath the Rankine zone. Modelling and inversion of the EM anomaly indicates a substantially larger body of mineralisation about 170 metres west of the Rankine trend. Geological interpretation is that it coincides with a faulted offset of the Rankine trend, and therefore is highly prospective for a substantial zinc resource.

The zone has been termed Jettner Deeps, and a low cost test is planned by re-entering and extending earlier holes.

Menninnie Project – EL 2848

(Terramin 100%)

The Menninnie project is located in northern Eyre Peninsula, about 160km west of the world's largest lead smelter in Port Pirie, SA. The Menninnie system encompasses a large Pb-Zn-Ag deposit with almost equal proportions of lead and zinc, plus extensive copper targets in the south.

Terramin is currently focussed on defining additional resources within high-grade stratabound sulphide horizons thought to be fault controlled replacement deposits. There are already 76 drill holes outlining some 20 million tonnes of mineralisation, but the holes are mostly too wide spaced to define resources. Many significant intersections are 200 to 400 metres apart. Proving continuity of the zinc deposits will allow resources to be defined with minimal additional drilling.

The SA Government has advised Terramin that its proposal to drill test new targets for copper and zinc orebodies has been successful in attracting funding under the Plan for Accelerating Exploration (PACE). Many more proposals were received than could be accommodated so a panel with extensive industry experience ranked the proposals in order of merit. Terramin is preparing an extensive drill programme of air-core with diamond follow-up, and the PACE programme will fund half of drilling costs.

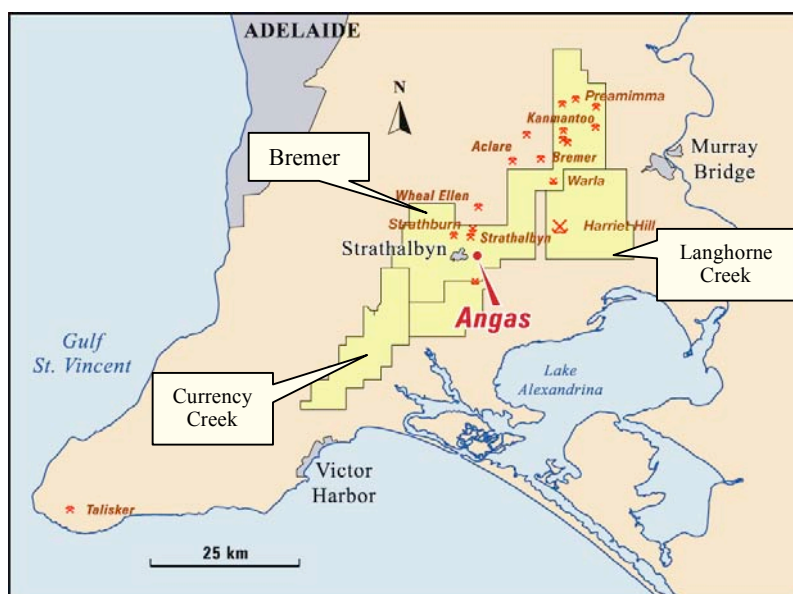
Currency Creek - EL 3128, Langhorne Creek - EL 2677

(Terramin 100%)

The Fleurieu tenements are in the G2 Corridor and prospective for significant deposits of three principal local ore types, small to medium exhalative Zn-Pb-Ag, stockwork Cu (-Au) and hydrothermal Au.

The area has a potentially highly prospective structure –the Bremer fault- which was active during sedimentation in the Cambrian and reactivated during metamorphism. Numerous granites intrude the sequence.

The Harriet Hill complex within EL 2677 has a magnetic signature very similar to the area north west of the Kanmantoo copper mine. It reflects a tightly folded and faulted section of magnetic Tapanappa Formation with potential to include Angas Garnet Member, the host for the Angas prospect zinc shoots.



Attention was first focussed on this area by airborne INPUT anomalies. Sixteen percussion holes drilled in 1992/3, following ground magnetics, EM and gravity surveys, intersected up to 8m @ 0.4% Pb+Zn and untested off-hole conductors were defined by downhole EM. With repetition resulting in many kilometres of implied strike, this anomalous area remains under-explored. It is prospective for both zinc and copper mineralisation.

No new work was conducted on these tenements during the quarter due to the major programme on the Angas prospect in the Bremer tenement. The expenditure commitments have been amalgamated with Bremer, EL 2839 expenditure.

Ingomar – EL 2969
Lake Eyre – EL 2970
National Trig – EL 3039
Phar Lap – EL 2987
(Terramin 100%)

The potential for discovery of both Cu-Au-Ag-U-REE deposits associated with iron oxides and Pb-Zn-Ag mineral deposits within the tenements is considered to be highly favourable. There is also considerable potential for gold and precious metal deposits.

Hydrothermal alteration is pervasive throughout the Moonta Subdomain extending northwest under the Stuart Shelf to at least the Mount Woods Inlier. Alteration is widespread, often closely associated with mineralisation. The Ingomar project area is located on the southern and western edges, respectively, of the basement domains of the Coober Pedy Ridge and Mt Woods Inlier. The National Trig project is situated further to the northwest and lies over the western part of the Mabel Creek Gravity High.

Ingomar is close to the Prominent Hill discovery on same major structure with similar setting. The presence of anomalous platinum and palladium assays from several holes in the general vicinity of the Ingomar Project is encouraging and essentially untested. Anomalous platinum was recorded within the Ingomar tenement in a variably weathered hornblende-bearing quartz-magnetite rock but has not yet been followed up.

The south of the tenement has gold anomalies in similar setting to that of the Challenger gold mine. At only 8-20 metres the cover is less than at Prominent Hill and many Gawler Craton prospects. This allows for low cost prospecting and mining.

National Trig tenement has elliptical shaped magnetic low zones adjacent to the Mabel Creek Ridge probably indicating the presence of Hiltaba aged granite. Batholith size intrusions have been identified but in detail these are likely multi-phase or composite intrusions. Some, particularly those to the south of Derelict Bore, have associated zones or rims of elevated magnetics suggesting probable magnetite or Fe-enrichment. The presence of these granites and potential alteration implies that the area is prospective for Olympic Dam and/or Cloncurry style Cu-Au-Ag-U-REE deposits.

The sharp, regionally arcuate but locally ENE-trending, breaks in magnetics and gravity to the south side of both the Mabel Creek Gravity High and the Coober Pedy Ridge are probably indicative of major thrust faults. The southeast part of National Trig covers one such break and this is similar to the break on the south side of the Mt Woods Inlier where the Minotaur's Prominent Hill discovery is located. The deflection of this break or thrust around granite plutons south of Derelict Bore has potentially created dilational or extensional features that enhance the prospectivity of this area. A consultant has recently confirmed considerable potential for gold and copper-gold.

There was no new expenditure on these tenements awaiting the results of a legal action underway to obtain missing records and to recover losses from the breach of contract by AXG Mining Ltd. who joint ventured the tenements in 2001, agreeing to spend a minimum of \$425,000 in the first year. Actual expenditure by AXG is estimated at less than \$90,000. WRF Securities Ltd guaranteed performance of AXG, and the action against both parties is proceeding.