The Menninnie Zinc project is a joint venture between Zinifex Australia Limited (70%) and Menninnie Metals Limited (30%). Terramin has an 80% interest in Menninnie Metals.

EL3640 is a 101 square km tenement located on northern Eyre Peninsula, South Australia, approximately 160 km WNW of the Port Pirie lead smelter.

Zinifex assumed management of the joint venture on 1 March 2008 having earned its 70% interest through the expenditure of $8 million. Terramin has seconded its in-house Menninnie geological staff to Zinifex.

At the conclusion of the 2007 season the joint venture declared an inaugural Inferred resource at Menninnie Central – 3.8 million tonnes at 3.2% Pb, 4.0% Zn and 34g/t silver at a 3.5% Pb+Zn cut-off.

In the 2008 season, the exploration focus is the addition of significant mineralisation to the global resource. Accordingly, no further work is planned on Menninnie Central in the current year.

A drill programme of up to 40,000 metres is proposed with particular emphasis on

- encouraging geochemical and IP anomalies in the Tank Hill and Phone Hill areas, respectively 5km north and 4km southwest of Menninnie Central and each more than double the Menninnie Central strike length
- IP and Pb-Zn anomalism in soil and drill hole samples in the Cracker and Menninnie North area stretching for 2km to the north of Menninnie Central, and
- strike and dip extensions of Viper and Cassius mineralisation.

Drilling recommenced mid-February with six holes completed at Cracker and Peanut IP anomalies and between Menninnie Central and Cracker. Analyses are awaited.

Six new IP features warranting step-out IP and possible drilling have been identified from 54 line km completed during the quarter with an immediate further programme of 120 line km scheduled.

CORPORATE INFORMATION

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CAPITAL STRUCTURE

at 31 March 2008

Shares on issue	**99,872,574**
Unlisted Options	**12,386,630**
Unlisted convertible/redeemable notes	**US$20,050,000**

SUBSTANTIAL SHAREHOLDERS

DA Paterson	**9.18%**
KC Moriarty	**9.04%**
JP Morgan Chase & Co	**7.93%**
Geologic Resource Fund(s)	**6.54%**
Deephaven Capital Management LLC	**5.01%**

DIRECTORS

Kevin C Moriarty	*Executive Chairman*	BSc (Hons), PhD, MAusIMM
David A Paterson	*Director*	BAppSc, GradDip Bus Admin., MAusIMM
Michael H Kennedy	*Director*	BCom (Economics)
Steve A Bonett	*Director*	BCom, LLB (Hons), AICD, SIA
James T Hazel	*Director*	BEcon, F. Fin

MANAGEMENT

Martin S Janes	*Chief Financial Officer*	BEcon, MAICD
Jean Pierre Wilhelm	*Vice President*	MBA, MSc
Robert P Singer	*Chief Geologist*	BSc (Hons), MAusIMM
Andrew C Robertson	*General Manager – Operations*	BEng (Min), MAusIMM
Kate E Bitter	*Company Secretary*	BA, BCom, LLB (Hons), GDLP, ACLA

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Robert Singer, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Singer is Chief Geologist and a full time employee of Terramin Australia Limited. Mr Singer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources or Ore Reserves'. Mr. Singer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

TERRAMIN AUSTRALIA LIMITED

1st Quarter Report 2008

OVERVIEW

Angas mine development proceeding on target for June 2008 commissioning, Tala Hamza scoping study completed, drilling recommences at Menninnie Dam.

ANGAS

- Ore intersected on 95mRL development drive
- Further underground mobile fleet units delivered on schedule
- Process plant and site infrastructure 85% complete

TALA HAMZA

- Independent scoping study recommends minimum mill throughput rate of 2 million tonnes per annum producing an annual 200 Mlbs of payable zinc at C1 cash cost of US43 cents per lb
- Five holes completed, results include the widest high grade intersection (147 metres at 12.9% Pb+Zn) and mineralised section (280 metres at 4.1% Pb+Zn) to date
- Four rigs now drilling towards completion of resource update

MENNINNIE

- 2008 drill programme commences (up to 40,000 metres)
- Six encouraging additional IP anomalies warrant follow-up

FINANCE AND CORPORATE

- Tala Hamza Sempra off-take financing – US$15M received
- Annual General Meeting scheduled for 24 April 2008

FOCUS ON ZINC

DURABLE

Zinc extends the life cycle of steel and reduces maintenance costs

TERRAMIN
AUSTRALIA LIMITED
ABN 67 062 576 238

15 APRIL 2008

A large piece of the first Angas ore is on my desk as I write this review, and thousands of tonnes have been stockpiled ready for mill start-up. This is an exciting time for our engineers and geologists, because they can now see the orebody and study its details. Already Terramin is working to incorporate new concepts about the deposit to expand the resources and mine life. A new drill programme is planned to test orebody extensions based on our remapping of the mineralisation trends. Of particular interest is potential shallow targets and an increasing copper trend at depth.

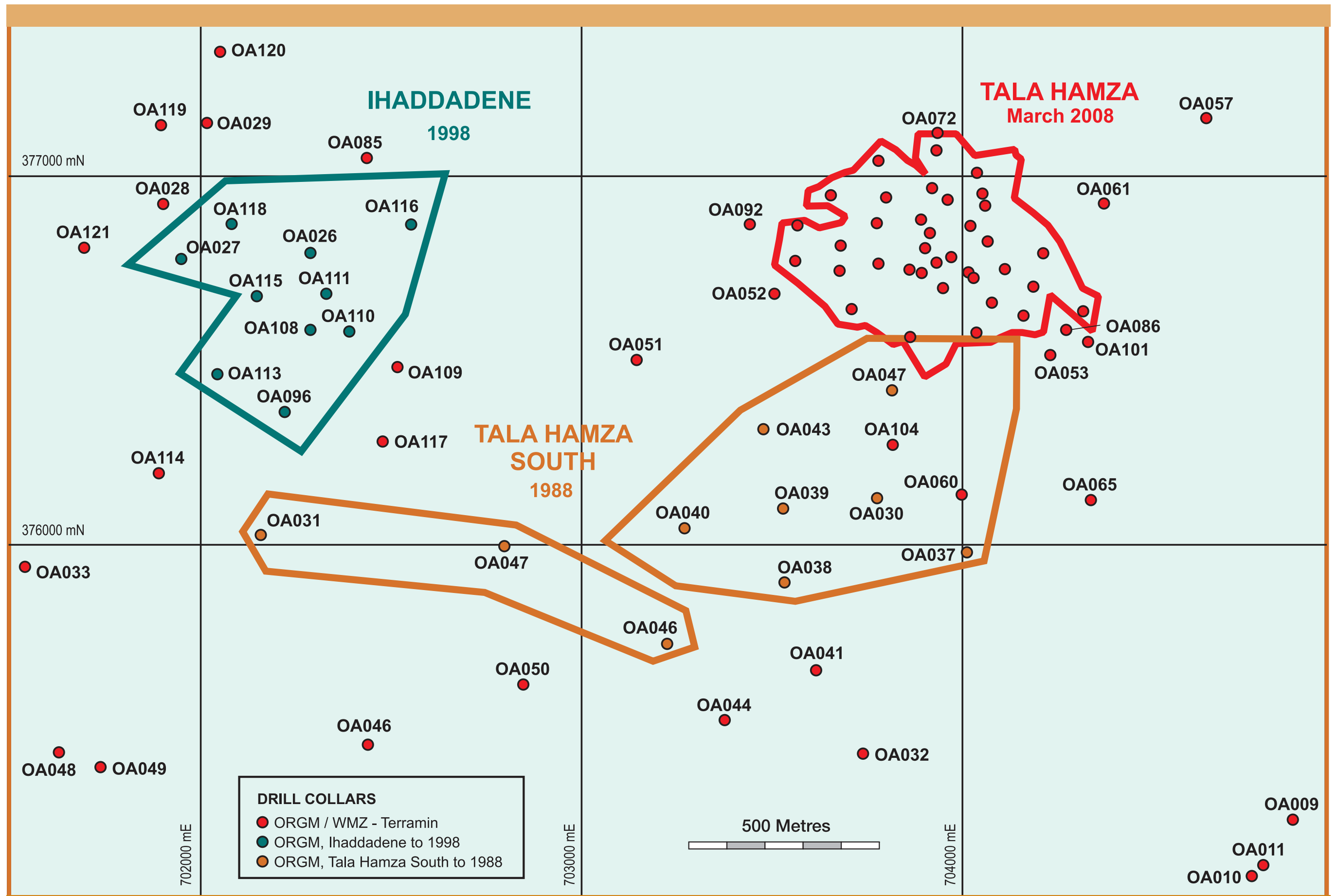
The Angas process plant - concentrate thickening and filtration section.

We are pleased with progress on the plant, which will be ready for processing at the end of May. That it has proceeded on budget and on time is to the credit to our contractors, Abesque. Our progress on the underground development owes much to the hard work of Terramin's miners who have responded well to the challenges of a new operation. It is worth recalling that Angas is the first zinc-lead mine in the area for a over 100 years. We expect there will be more deposits on our tenements, and we commenced drilling on Brinkley in early April. We have more than 20 other targets that will be assessed over the coming months.

We now have four rigs drilling on Tala Hamza, so we expect fast completion of the re-drill of the original resource. We are doing this to better define the resources and because some of our holes that duplicated earlier drilling showed a substantial uplift in grade. Recent work by our geologists has been able to map the structures and controls on mineralisation to a far greater degree than was possible in the wide spaced programme by ORGM. We want to finish this before preparing an updated resource so the engineers have the best possible data from which to prepare their reserves estimates. The expanded drilling is also going to focus on the southwest where recent holes intersected thick high grade lead-zinc zones.

Our teams are also keen to move onto exciting targets, such as to a possible look-alike deposit about a kilometre to the north, and over to Ihaddadene where several holes intersected zinc and lead mineralisation. These show that the Oued Amizour project area of 123 square kilometres could host several large resources, something geologists expect for such volcanic hosted mineralisation.

Drillers and geophysical contractors are at work on our Menninnie joint venture with Zinifex, so results should flow in over the coming months. We are following up on previous drill intersections with mineralisation, and also testing a number of new geophysical anomalies like those over the known resources.



Tala Hamza environs - previous exploration in areas subject to possible sterilisation drilling programme.

Summary drill results

	Total mineralised interval					Higher grade included intervals				
Drill hole	**From**	**m**	**Pb %**	**Zn %**	**Pb+Zn%**	**From**	**m**	**Pb %**	**Zn %**	**Pb+Zn%**
TH016	447.0	**117.3**	4.40	10.72	**15.12**	457.9	**68.1**	6.76	12.95	**19.71**
TH018	448.3	**91.8**	2.90	9.41	**12.31**	451.4	**17.4**	7.96	10.60	**18.56**
TH019	412.5	**128.5**	3.11	7.22	**10.33**	412.5	**99.5**	3.98	8.88	**12.86**
TH020	259.6	**196.6**	1.18	9.05	**10.22**	307.0	**147.0**	1.50	11.42	**12.91**
TH021	304.5	**280.5**	0.49	3.57	**4.05**	540.0	**44.0**	1.32	10.13	**11.45**
TH022	348.0	**126.1**	0.61	2.40	**3.01**	373.0	**16.8**	3.25	7.47	**10.72**
TH023	381.0	**137.0**	0.71	2.38	**3.10**					

Notes : Intersections are based on 1% Pb+Zn cut-off over the mineralised zone
: TH017 is a metallurgical hole with core submitted for crushing/grinding characteristics

Hole ID	*Easting*	*Northing*	*RL*	*Azimuth*	*Dip*	*Total Depth (m)*
TH016	*704076*	*376659*	*229*	*300*	*-78*	*600.6*
TH018	*704076*	*376659*	*228*	*250*	*-83*	*604.2*
TH019	*704076*	*376659*	*228*	*296*	*-85*	*585.0*
TH020	*703892*	*376883*	*168*	*206*	*-83*	*520.8*
TH021	*703865*	*376746*	*223*	*234*	*-83*	*637.8*
TH022	*704025*	*376868*	*196*	*223*	*-84*	*600.9*
TH023	*703865*	*376746*	*223*	*175*	*-83*	*665.0*

The Oued Amizour Zinc project is 100% owned by Western Mediterranean Zinc Spa (WMZ). Terramin has a 65% shareholding in WMZ. The other 35% is held by two Algerian Government owned companies.

Exploration Permit 5225PE is a 123 square km tenement located in northern Algeria, on the coast of the Mediterranean Sea with the current tenure renewable in August 2009.

Exploration drilling

Results received during the quarter included the widest high grade intersection and mineralised sections to date: hole TH020 (147.0 metres at 12.9% Pb+Zn) and hole TH021 (280.5 metres at 4.1% Pb+Zn): and wide elevated lead intervals – hole TH016 (68.1 metres at 6.8% Pb). Five holes were completed in the quarter and assays were received for seven holes.

Holes TH016, 018, 019 were drilled to the south east of the area targeted for in-fill drilling; TH020 confirmed previous strong results towards the north west limit, whilst TH021 to 023 provided data at the margins. Holes TH030 to 033 were in progress at period end.

Two additional rigs (for a total of four) were mobilised to site and commenced drilling in mid-March. This will accelerate completion of the programme of in-fill and re-drilling. A revision of the geological model is well advanced however finalisation of an Indicated resource has been postponed until the current in-fill programme is complete, particularly the re-drilling of all older holes. Earlier re-drill results showed significant up-lift in grade because of poor core recoveries in ORGM holes.

The construction of a new WMZ office at Irayahene was completed and the administration and geology teams took occupancy. This facility is located midway between the drill site and the city of Bejaia.

Scoping study

A scoping study ($1.75 million and 4,700 manhours) was completed with the independent engineering consultants recommending a minimum mill throughput rate of 2 million tonnes per annum. With exploration continuing to identify substantial deposit thicknesses the study team chose sub level caving as the preferred mining method over long hole stoping due to the relative ease of subsequently increasing the mining rate.

Diluted mill feed grade was estimated at 1.9% lead and 6.3% zinc. Since it was based on the May 2007 resource estimate, this grade can be considered as a minimum, with Terramin intending to start mining in high grade areas. Benefiting from low power costs and modest wages costs, the C1 cash cost (site costs plus smelter costs and after smelter recoveries) is estimated at US43 cents per lb of payable zinc metal, net of lead credits at the assumed lead metal price of US55 cents per lb.

The capital cost estimate of US$356 million is regarded as conservative, given the inclusion of US$52 million in contingencies and the identification of up to US$70 million in infrastructure savings opportunities, particularly with regard to power.

The pre-feasibility study has commenced and, with the arrival of the two additional rigs, geotechnical and hydrogeological drilling will commence shortly. Sterilisation drilling of the selected process plant, waste dump and tailings storage facility foot prints is also planned and this is particularly important given the wide spread extent of previously identified lead zinc mineralisation (shown in accompanying diagram).

Financing / off-take agreement

Sempra Metals and Concentrates LLC has agreed to purchase 100,000 tonnes of zinc concentrate per annum from Tala Hamza for a period of 5 years, with an option to extend for a further 5 years. Pricing is based on European benchmark terms.

In return, Sempra has subscribed for US$15 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 shares at the election of the Company at any time or by Sempra from the earlier of 31 March 2010 or completion of the definitive feasibility study. Interest is payable in cash or shares at the election of the Company.

I think it appropriate to comment on zinc pricing and the future for lead and zinc. Currently analysts are somewhat bearish about zinc prices, although it should be noted that their idea of a low price is still several times higher than some years ago. Supposedly, in 2008 there is predicted to be an oversupply of concentrates that would flow into lower zinc prices. So far zinc stockpiles amount to only few days supply, and zinc prices have not fallen markedly. Our commercial team have not been able to verify oversupply predictions, and argue that any lower prices would simply curtail new projects and some higher cost production. They also contend that it is quite unrealistic to suppose that Chinese mine production can maintain the high growth rates of the past three years. The recent rate is a function of a low starting base, and it is unlikely that mines can be found and developed to sustain growth.

Angas crusher station construction.

Ceramec disc filters.

Whatever occurs, it is worth pointing out that our Angas mine has a very low cost for its zinc production, after credits for precious metals and lead. Furthermore, the results from the scoping study on our Tala Hamza project place it in the lowest cost quartile of zinc producers.

In the medium term, zinc looks to be an even better investment, since there are no large low-cost projects in the pipeline and many existing mines will start declining from 2010. Another factor that appears to be missing from the zinc price scenarios is that capital and operating costs have been escalating, even doubling, with the boom conditions. Some projects, in areas requiring large infrastructure expenditures, have been shelved. Terramin makes it a requirement for its investments that its projects are well located with respect to infrastructure. This not only substantially reduces risks of over-runs, but means that costs for both development and operating will be low to start with. Tala Hamza and Angas both show these characteristics.

Our view is that our zinc focus should continue. Conditions are favourable for counter-cyclical acquisitions, therefore Terramin is evaluating projects that meet its criteria. This is how Terramin laid the foundation for its twenty-fold growth in capitalisation, and the basis to repeat and exceed that in the next few years.

Kevin Moriarty
Executive Chairman

ANGAS ZINC PROJECT

The Angas Zinc project is 100% owned by Terramin. ML6229 is located 2km outside the town of Strathalbyn, 60km from Adelaide, South Australia.

Project implementation

Mine development

The decline advanced to 315 metres from the portal, approximately 110 metres vertical below the original surface providing access to the first development drive locations on 75mRL and 95mRL levels.

Development focused on the 95mRL drive with mineralisation intersected and first development ore trucked to the Run of Mine stockpile.

A further 30 metres was completed for the ventilation cross-cut and 14 metres in the raise, which is now equipped with services reticulation and a ladderway completing the mine emergency egress.

An Armco tunnel is being installed at the face of the portal following a long term risk identification analysis of the boxcut excavation. The capital cost estimate is $400,000, offset by a lower cost for the vent raise.

Underground mobile fleet deliveries continued on or ahead of schedule, including the Atlas Copco fifteen tonne scoop tram and the Volvo forty tonne six wheel articulated truck. Both units are owner operated and leased. Commissioning and driver training is complete. Final fleet units, on schedule for delivery in April 2008, comprise a second Volvo truck equipped with ejector tray and an Atlas Copco Simba production drill.

Process plant and site infrastructure

Exact Mining have commenced demobilisation from site, having completed the crushing plant and processing plant earthworks, including material transferred and compacted into the tailing storage facility walls under Australian Tailings Consultants' supervision. Sub-contractor Fabtech SA has completed the installation and double welding of 14 hectares of HDPE liner for the tailings storage facility.

Remaining site activity includes backfill around the crushing station and final ROM pad levelling.

Abesque Engineering and Construction are nearing completion of the process plant and site infrastructure contract. Items completed or well advanced during the quarter were the crusher support foundations, coarse ore storage bin, SAG mill motor, gear box and liner installation, flotation cell pumps and hoppers, multi stream analyser, three thickeners, filters and concentrate store, weighbridge and load-out facilities.

Outstanding items include installation of the refurbished jaw crusher, conveyor supports and belts between the crushing and grinding sections, reagent make-up tankage and services (power, water, air) reticulation. Practical completion has been re-scheduled to 1 June 2008. Minor accepted scope changes have added $130,000 to the original Abesque capital cost of $29.3 million.

Reticulation of permanent power from the ETSA 66kV/11kV sub-station within the mining lease boundary is advanced.

Recruitment of key staff to operating positions continues in accordance with the manpower schedule plan.

A re-estimation of resources and reserves is proceeding following receipt of analyses from the Rankine and Garwood stope definition drill programme. Following an independent review the mine plan will be updated with a completion target of June 2008.

Regional exploration

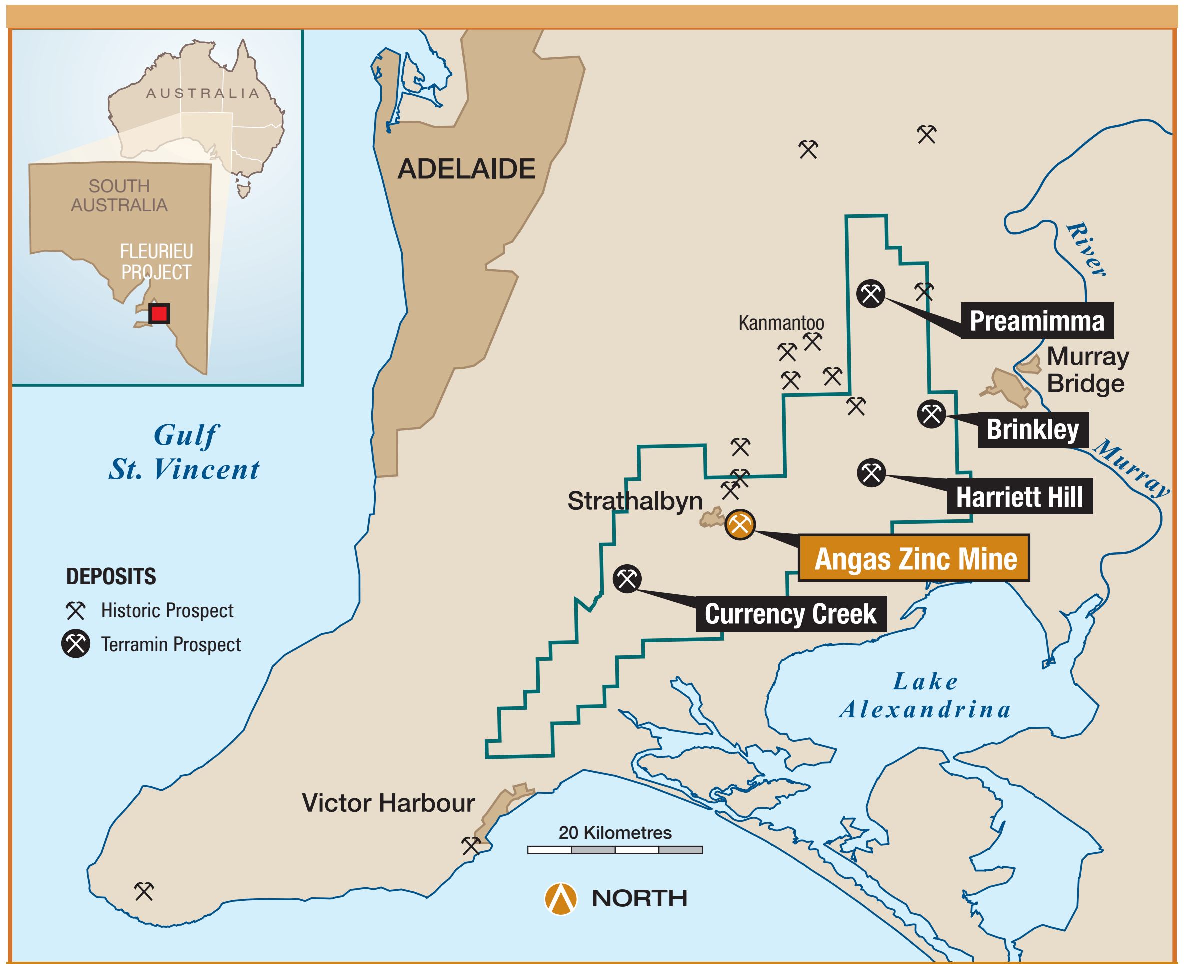
Following land owner clearance and receipt of work permits drilling commenced in April 2008 at Brinkley, approximately 20 kms north west of Angas mine site. The programme will test EM anomalies similar to those at Angas. The rig then returns to the Angas mining lease to upgrade Inferred resources and test newly developed targets.

Project finance

At the period end, project incurred costs totalled $59 million, financed by equity, equipment leases, the Sempra $10 million subordinated loan, the Investec $10 million Convertible Facility and the Investec Construction Facility (partially drawn to $30 milllion).

Zinc and lead hedging for the first 15 months through to October 2009 (AUD 2,736 per tonne for 13,200 tonnes of payable zinc metal and AUD 3,296 per tonne for 5,312 of payable lead metal) remained as reported at the end of last quarter. The mark-to-market value was $0.66M.

Process plant construction - grinding and flotation sections.



Regional exploration priority targets.