



ASX Shareholder Report

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Terramin is a dedicated
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Resource doubles at Menninnie Dam

- **Total Inferred Resource doubles to 7.7 million tonnes at 5.7% Pb+Zn and 27 g/t Ag**
- **Total contained metal up 59% to 440 kt lead and zinc**
- **Strong potential for expansion of resource**
- **Scoping Study under way**

Consistent with the company's strategy of growing its production pipeline through focused exploration, Terramin Australia Ltd (Terramin) is pleased to announce that as part of its ongoing Scoping Study of the Menninnie Central deposit, it has completed a revised resource estimate, approximately doubling the tonnage and increasing contained metal by 59% over the 2007 estimate.

Executive Chairman of Terramin, Dr Kevin Moriarty, said, "We are encouraged by the latest results of a resource upgrade as it provides further potential for Terramin to meet its strategic objective of growing our production pipeline through focused exploration within the existing portfolio".

"Our priority is to continue with the Scoping Study and we will be releasing further details in coming months," Dr Moriarty said.

The deposit lies within Exploration Licence 3640 located on northern Eyre Peninsula in South Australia, about 450 km WNW of Adelaide (Figure 1).

The previous resource estimate was prepared by Terramin in December 2007 for the Menninnie Dam Joint Venture. This Joint Venture between Terramin and Zinifex and their successors (OZ Minerals and Minerals and Metals Group – MMG) was terminated in January 2011 following Terramin purchasing 100% of the Licence.

Since acquiring the tenement, Terramin has conducted a review of the geological database and remodeled the deposit, incorporating some additional drilling not previously available, and extending the estimate to include additional shoots in Menninnie Central and, for the first time, at the nearby deposit at Viper.

The revised Inferred Resource (at a 2.5% Pb+Zn cut-off), summarised in Table 1, represents a significant increase on that estimated in December 2007. Total tonnage has doubled to 7.7 million tonnes (previously 3.8 million tonnes) and total contained metal is up 59% comprising ~200 kt of lead and ~240 kt of zinc in situ. Viper contains approximately 2.5 million tonnes of this Inferred Resource.

Overall the Menninnie Dam mineralisation is notable for its high lead to zinc ratio. In some lodes the lead content exceeds the zinc. This will benefit the project as it is closer to Nyrstar's Port Pirie lead smelter, to which Terramin's Angas concentrates are trucked.

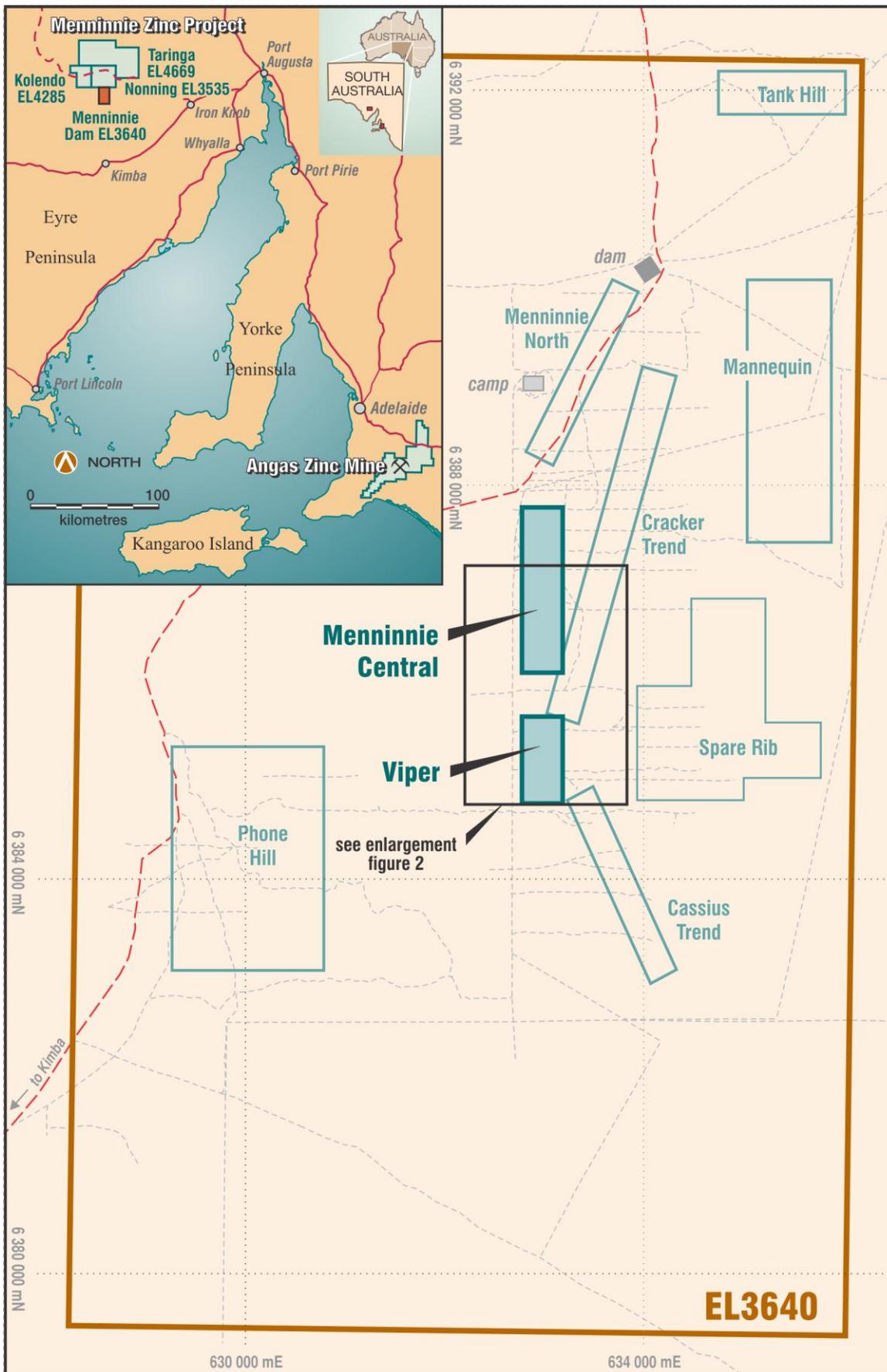


Figure 1: Plan showing location of Menninnie Central and Viper deposits in EL3640. Also shown are other exploration prospects

Zone	Tonnes kt	Zn %	Pb %	Ag g/t	Pb+Zn %
Boss North	940	3.8	3.1	20	6.9
Boss South	900	2.6	2.2	19	4.7
Caesar East	580	3.5	1.8	25	5.3
Caesar West	380	3.9	2.1	31	6.0
Kimba	2,240	3.7	3.2	37	6.9
Riona	200	2.7	1.3	25	4.0
Total Menninnie Central	5,240	3.5	2.7	28	6.1
Viper Lower	1,570	1.8	2.5	30	4.3
Viper Upper	890	3.3	2.3	12	5.6
Total Viper	2,460	2.3	2.4	24	4.8
Total Menninnie Central and Viper	7,700	3.1	2.6	27	5.7

Table 1: Inferred Resource (at 2.5% Pb+Zn cut-off) for Menninnie Central and Viper as at 15 February 2011

The resources are estimated within a mineralisation model defined by a 1% Pb+Zn outline and are reported at a 2.5% Pb+Zn cut-off (compared to a 3.5% cut-off for the December 2007 resource). The changed cut-off reflects higher lead and zinc consensus prices and takes into account a significant expected contribution from a strong silver price. The resource incorporates eight mineralised zones compared with four previously. Drill spacing remains of the order of 100m x 100m and the total resource is categorised as Inferred.

Significant potential for additional mineralisation is considered to exist within the 1% Pb+Zn outlines due to the current wide drill spacing. Potential also exists to extend the mineralisation envelopes particularly at depth and along strike at both Kimba and Viper. There is also excellent potential for additional resources in nearby prospects at Menninnie North, and on the Cracker and Cassius trends (Figure 1). As previously reported Terramin also believes that untested geophysical and geochemical anomalies at Mannequin, Phone Hill and Tank Hill have the potential to add considerably to Mineral Inventory.

Further technical details relating to this resource estimate are provided below.

Geology and Mineralisation

Lead-zinc-silver mineralisation at Menninnie Dam is hosted largely within Palaeoproterozoic(?) upper amphibolite facies marbles and diopside-rich calc silicate rocks forming an inlier near the southern margin of the Mesoproterozoic Gawler Range Volcanics (GRV) or within the GRV. The recently discovered Viper and Cassius deposits have mineralisation entirely within Gawler Range Volcanics (Figure 2). The calc-silicate rocks host magnetite-rich banded iron formations responsible for the magnetic signature that led to the discovery by Shell of the mineralisation in 1982.

Menninnie Central Deposit

The bulk of the Menninnie Central mineralisation occurs as infill and replacement styles in discrete breccia horizons commonly flanked by silicification halos within dolomitic marbles. Minor thin veinlet-style mineralisation occurs in the underlying gneiss. Spatially the highest grade mineralisation at Menninnie Central is located between a major fault (Western Fault – hosting a matrix supported sulphidic breccia) and a banded iron formation (BIF).

The host rock sequence is weathered to depths of 150-200m.

Lead-zinc mineralisation has been identified over a total strike length of 5km, with the Menninnie Central resource occurring over a strike length of 900m within this.

Six separate zones of mineralisation have been defined, which are only partially constrained by current drilling. These are shown on Figure 2 and summarised below.

Kimba Lode

The Kimba Lode mineralisation lies within a breccia (constituting the Western Fault) and fractured marbles in the hanging wall of the fault. The Western Fault dips 65° to the East, and its footwall in the vicinity of the Kimba Lode is predominantly gneiss. Mineralisation associated with the Western Fault is present as very fine sulphides within carbonate-rich breccia matrix. The strike length is 900m and it has a vertical extent of 600m with a width between 15 and 40m. Grade distribution is patchy with the bulk of the higher grade mineralisation at shallow depths beneath the zone of oxidation.

Caesar Lodes

The Caesar Lode has been reinterpreted as two narrow lodes (previously one single lode) which parallel the Kimba Lode and are thought to lie in a similar structural setting approximately 200m further east with marble in both the footwall and hanging wall. Strike length is 250m and the mineralisation has a vertical extent of 110-150m with average thicknesses of 10-15m for each lode.

Boss Lodes

The Boss North and Boss South lodes lie between the Kimba and Caesar lodes and their presence may be controlled by structures linking the Kimba and Caesar lodes. Mineralisation occurs as fracture infill and disseminated sulphides within marble. The North lode has a strike length of 710m while the South lode is 200m in length. Both lodes plunge 15 degrees to the North, have a height of 110m and have thicknesses between 70-100m. The lodes are associated with a large amount of oxidised mineralisation that has not been included in the resource. Very poor drilling recoveries were experienced within the oxide zone.

Riona Lode

This newly defined lens occurs approximately 200m in the hanging wall of the Kimba Lode and appears to lie within the same structure as the Caesar Lodes. The footwall and hanging wall to the mineralisation is marble. The lode has a strike length of over 500m and a height of 120m. Average thickness is 5m. Part of the lode extends into the oxidised zone and is not included in the resource.

Resource Estimate

Since discovery in 1982 drilling has been carried out by a number of major explorers including Shell/Billiton, Aberfoyle, Acacia Resources and Menninnie Metals (Terramin/Zinifex; Terramin/OZ Minerals). A total of 83 diamond drill holes have been completed within the Menninnie Central-Viper area. Of these, 65 holes (including limiting holes) have been used in the Menninnie Central and 18 holes in the Viper resource estimate. Five additional holes were available for the estimate in Menninnie Central compared to the December 2007 estimate.

Predominantly, diamond holes (HQ and NQ core sizes) were used in the resource estimates for Menninnie Central and Viper. Six RC holes were used in the Riona estimate.

Holes have been drilled in a variety of orientations. Twenty-one holes were drilled to the east (sub parallel to much of the mineralisation), 17 holes were drilled vertical and 45 holes were drilled to the west (at a high angle to the mineralisation). Nominal average drill spacing is approximately 100m x 100m, sufficient for an Inferred Resource estimate.

Assumptions regarding surveying of drill holes, core recovery, data quality, density, assaying and QAQC are unchanged from those reported in Terramin's release on 21 February 2007.

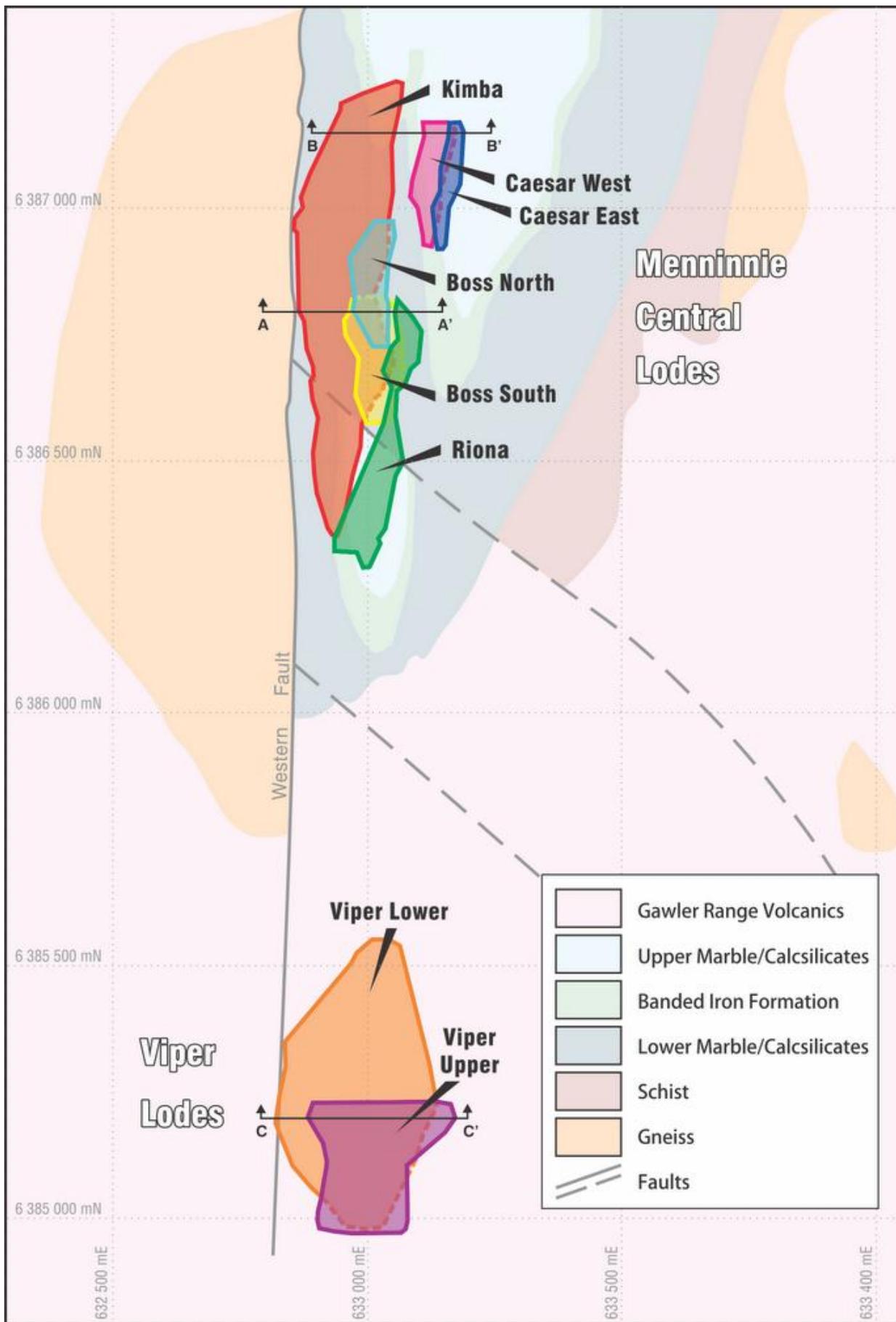


Figure 2: Outlines of Menninnie Central and Viper lodes projected onto a simplified plan of surface geology. Location of cross sections (Figs 3-5) is shown

Resource Model

The Menninnie Central resource model was developed based on block size of 25x25x10m with sub blocking. A separate block model (same block size) was generated for Viper due to its different orientation. Interpolation for both models was by inverse distance squared (previously Ordinary Kriging) using a single pass search ellipsoid, with parameters derived from a combination of variography and understanding of the geology. Top cuts of 10% Pb and 10% Zn were applied at Menninnie Central. Lead, zinc and silver abundances, specific gravity and core recoveries were all modelled. All resource blocks have been classified as Inferred based on the broad drill spacing and data quality issues relating to the early exploration drilling.

The Inferred Resource is stated at a cut-off of 2.5% Pb+Zn (3.5% used for the December 2007 estimate). The ongoing Scoping Study will address the appropriate cut-off to be used to identify the portion of the resource suitable for underground mining.

The resource estimate excludes oxide and transitional material due to poor recoveries and limited data. Additional unquantified tonnage potential exists.

No metallurgical test work has been completed. Petrographic studies indicate that standard processing techniques should be applicable.

Figures 3, 4 and 5 show cross sections through the lodes and the distribution of blocks greater than 2.5% Pb+Zn. The cross sections also highlight the presence of higher grade intersections within the overall mineralised envelope.

The information in this report that relates to Exploration Results and Mineral Resources 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 that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that 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 and 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.

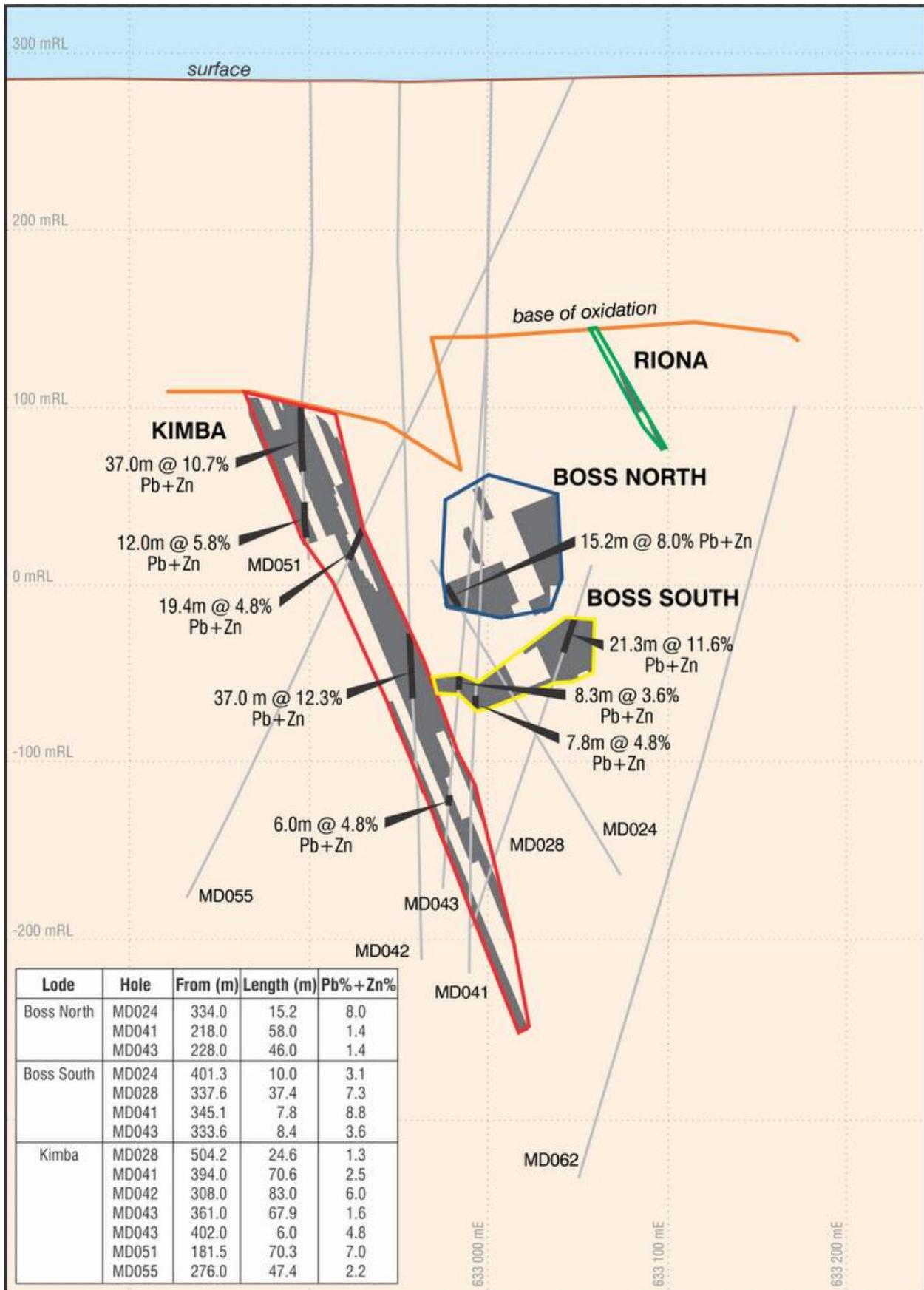


Figure 3: Cross Section at 6386800N showing Kimba, Boss and Riona Lodes. Full intersections (1% cut-off) are shown in the table and selected higher grade intervals are highlighted. Coloured outlines are 1% PbZn while grey areas are +2.5% PbZn resource blocks

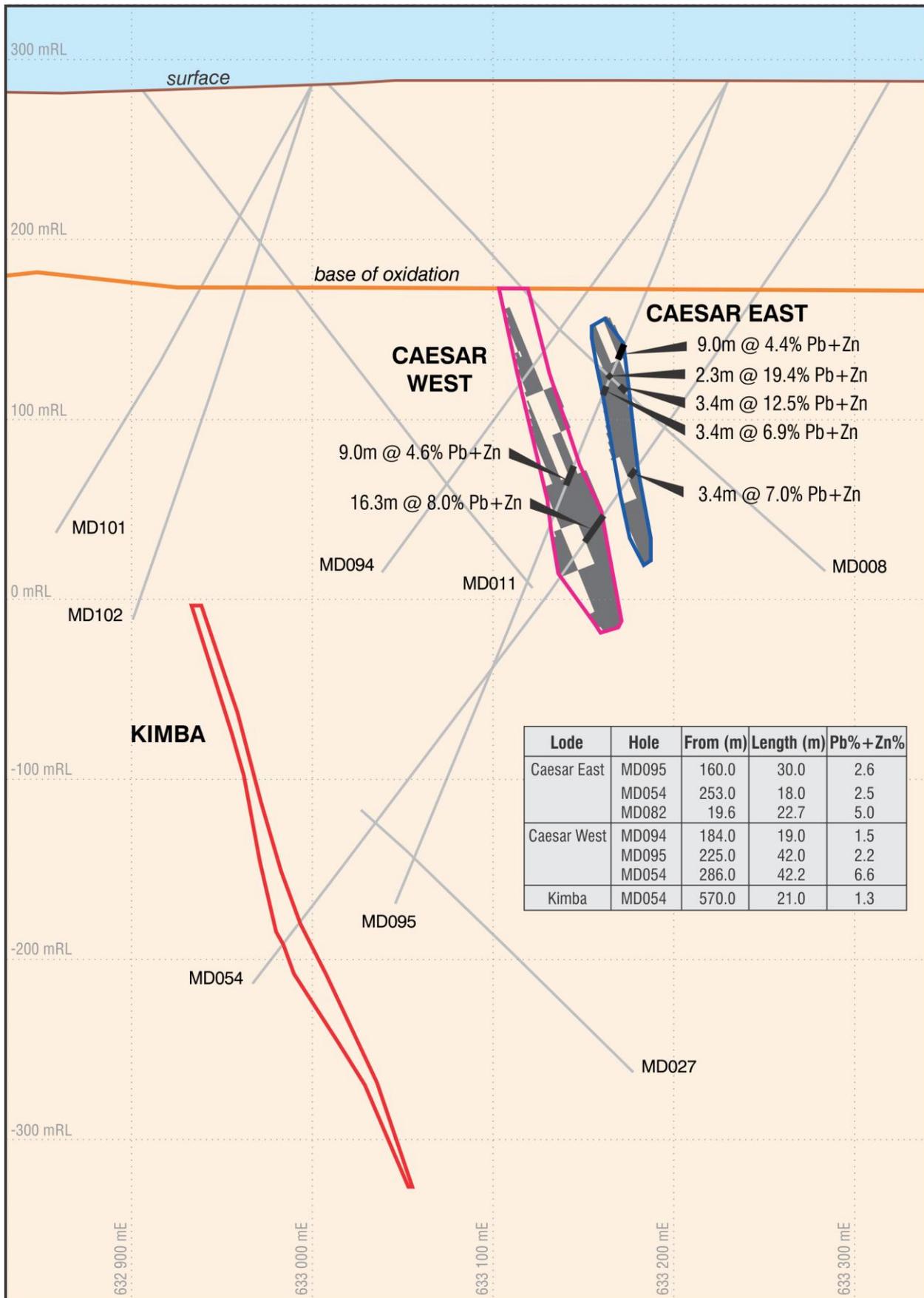


Figure 4: Cross Section at 6387150 N showing Kimba, and Caesar Lodes. Full intersections (1% cut-off) are shown in the table and selected higher grade intervals are highlighted. Coloured outlines are 1% PbZn while grey areas are +2.5% PbZn resource blocks

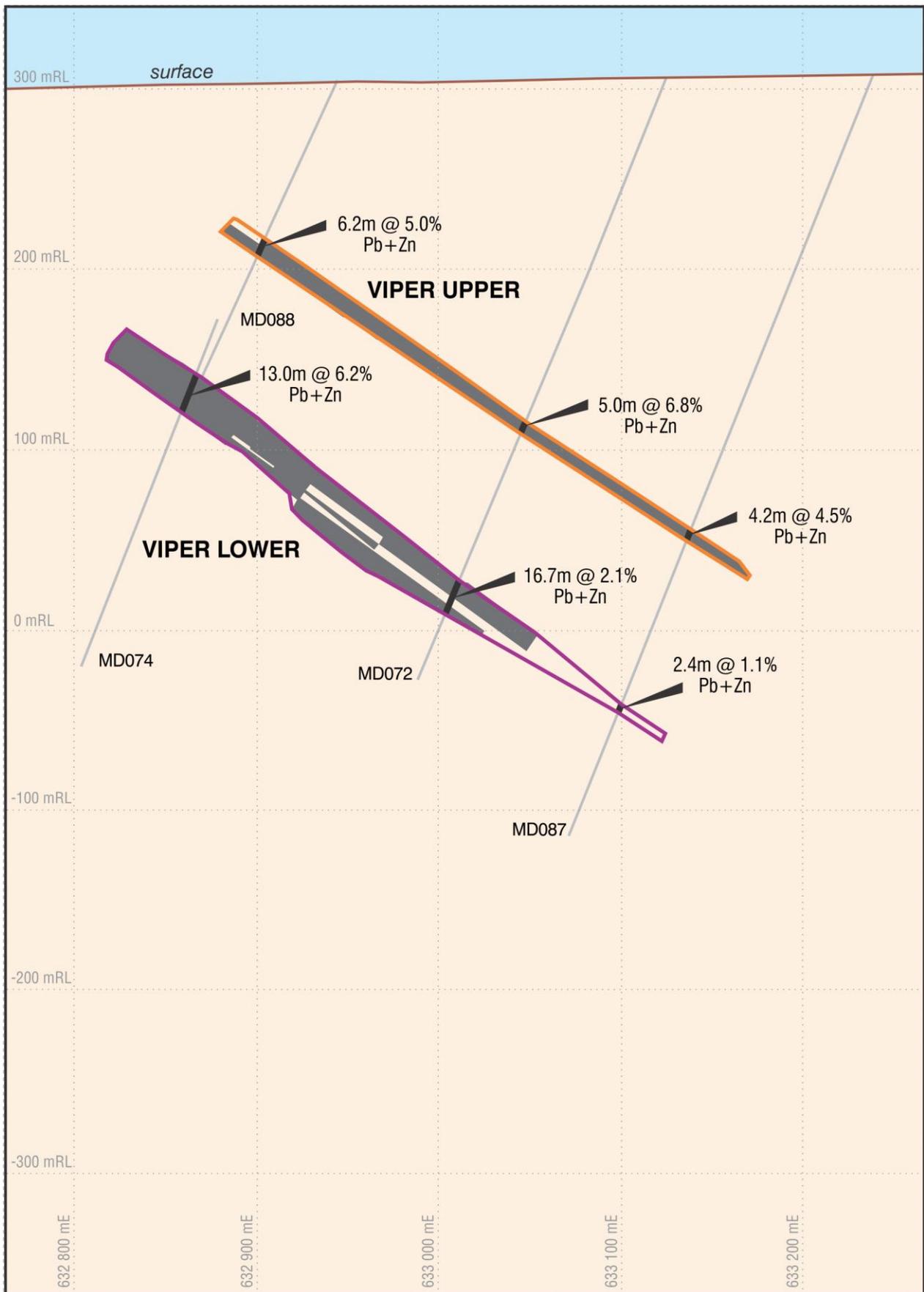


Figure 5: Cross Section at 6385200 N showing Viper Lodes. Full intersections (1% cut-off) are shown. Coloured outlines are 1% Pb+Zn while grey areas are +2.5% Pb+Zn resource blocks