



ASX Shareholder Report

5 July 2012

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

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Angas Update

- Price protection secured over \$A23m in zinc and lead metal revenues
- Price protection supports cash flows over next six months
- Price participation retained over 70% of zinc and lead production
- Ore Reserve and Mineral Resource update

Zinc and Lead Price Protection

Terramin Australia Limited (“Terramin” or the “Company”) has completed a forward sale and option hedging program providing price protection over approximately 60% of the next 6 months forecast \$A zinc and lead revenue. The program is linked to the debt restructure announced to the market on Friday 29th June with US\$1.5m of option premiums funded by the lending bank until the relevant maturities.

The hedge provides price protection over 7,787t of zinc metal and 4,458t of lead metal with 50% of this protection being via forward sales (Zinc – US\$1,882/t, Lead – US\$1,893/t) and 50% via deferred premium options (option strike price: zinc – US\$1,921/t, lead US\$1,936/t).

Corresponding currency price protection totaling US\$23.3m has been implemented via the purchase of AUD call options at a strike price of AUD/USD 1.01.

The Company has therefore maintained 70% upside price participation to zinc and lead prices over the 6 month period via options (30%) and unhedged production (40%) and 100% participation in a devaluation in the AUD/USD.

Terramin Managing Director, Nic Clift, said “In the current volatile \$A commodity price environment, a balance of committed and uncommitted hedging provides the Company with the appropriate degree of increased certainty of future cash flows without significantly limiting upside price participation.”

Ore Reserve and Mineral Resources

Following the market update provided by the Company on Friday 29th June 2012 in relation to Angas operations and the economic life of



the mine, Terramin today released a revised estimate of Ore Reserves and Mineral Resources at the Angas Zinc Mine.

The estimate is based on data available as at 30th May 2012 for Ore Reserves and 30th April 2012 for Mineral Resources and is reported in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves, December 2004 (JORC code).

The 0.66Mt decrease in the Mineral Reserve estimate from June 2011 is primarily a result of mining depletion and the impact of lower forecast \$A commodity prices on the economic cut-off grade. The latter also contributes to the increase in the 2012 Mineral Resources, as 0.14Mt of Reserve deemed sub economic has been reclassified as Resource.

A summary of results is presented in the tables below and should be read in conjunction with accompanying notes (overleaf):

Ore Reserves as at 30th May 2012

	Mt	%Zn	%Pb	%Cu	Ag g/t	Au g/t
Probable	0.63	7.08	2.63	0.22	29	0.5
Total/Average	0.63	7.08	2.63	0.22	29	0.5

Mineral Resources as at 30th April 2012

	Mt	%Zn	%Pb	%Cu	Ag g/t	Au g/t
Indicated	0.70	4.79	1.98	0.15	20	0.42
Inferred	0.29	3.3	1.6	0.1	16	0.3
Total/Average	0.99	4.4	1.9	0.1	19	0.4



Notes:

1. The estimate is based on the resource model as at 30th April 2012 with the Reserve cut-off date as at 30th May 2012.
2. Indicated Resource and Probable Reserve grades are quoted at two decimal places (except silver). Inferred Resource grades and totals including Inferred are rounded to one decimal place (except silver). All tonnages are rounded to the nearest 10,000 tonnes.
3. The Indicated Resource is exclusive of those Resources converted to Probable Reserve.
4. The Probable Reserve depletion between 2011 and 2012 is summarised as follows:
 - a. Mining depletion between 2011 and 2012 accounted for 0.44Mt;
 - b. Sub economic rib and sill pillars left in situ because they were determined as being below cut-off grade. Also included were stoping areas (0.021Mt) planned for extraction in November 2011 but determined as sub economic. The total depletion accounted for 0.03Mt;
 - c. Changes in cut-off grade accounted for 0.12Mt. A combined cut-off grade for stoping of 4.8%Pb+Zn and 3.25%Pb+Zn for development was used for 2012 as compared with 4.0% and 2.5% respectively for 2011;
 - d. Revisions to the design methodology of the Crown Pillar accounted for 0.07Mt; and
 - e. The total depletion between 2011 and 2012 was therefore 0.66Mt.
5. Reserve estimation assumptions are unchanged from the previous estimate in June 2011 except that Metal prices (USD) used for the Reserve estimate, in line with Bloomberg's 2013 Consensus Forecast (31 May 2012) Zn 2,313/t, Pb 2,350/t Cu 8,338/t, Ag 34.5/oz, Au 1,868/oz. An exchange rate of USD/AUD 1.00 was used.
6. Resource modelling assumptions are essentially unchanged from the previous estimate in May 2011, except that extensive underground mapping and additional sample data obtained from sludge drilling was used to assist with defining mineralisation wireframes. The analytical data obtained from this sampling was not used in the Mineral Resource estimate.

The information in this report that relates to Mineral Resources for Angas is based on information compiled by Mr Eric Whittaker and Mr Tom Denver. The information that relates to Ore Reserves for Angas is based on information compiled by Mr Ian Holman. Mr Whittaker and Mr Denver are members of The Australasian Institute of Mining and Metallurgy and Mr Holman is a Member of the Institute of Materials, Minerals and Mining. Mr Holman is Chief Engineer and is a full time employee of Terramin Australia Limited. Mr Whittaker was Principal Resource Geologist of Terramin Australia Limited and Mr Denver is Senior Mine Geologist at Angas Zinc Mine. All have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Whittaker, Mr Denver and Mr Holman consent to the inclusion in the presentation of the matters based on the information in the form and context in which it appears.