



ASX Shareholder Report

6 December 2011

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

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Strategic Review and Market Update

- **Corporate advisor appointed to assess near term strategic options.**
- **Angas mine on track for significantly higher production in current quarter.**
- **Productivity and efficiency improvement process advanced at Angas to realise further gains.**
- **Shareholder Purchase Plan (SPP) recently extended to 16 December 2011.**

Strategic Review

Terramin Australia Limited ("Terramin" or the "Company") has appointed a corporate advisor to undertake a strategic review of options available to the Company to enhance shareholder value.

The board of Terramin is working with its advisor to assess various strategies with the purpose of maximising value for shareholders.

To oversee the strategic review process, the board of Terramin has created a Committee consisting of Mr Steve Bonett (Chair), Mr Bryan Davis, and Mr Nic Clift.

Angas On Track For Positive December Quarter

The Angas mine is on track to achieve near record quarterly zinc and lead concentrate production, the recent improvement trend continuing with November monthly ore production being the highest in the history of the mine. On the basis of updated forecasts, it is likely that full year production will be in line with prior guidance of 45,000dmt and 18,500dmt of zinc and lead-precious metal concentrate respectively.



To build on the improvements achieved in the current half year, the operation has increased the focus on maximising productivity and efficiencies. In order to assist in accelerating this process performance improvement specialists, Partners in Performance (PIP) have been working with the Angas team in a collaborative approach in order to more rapidly identify and implement opportunities for improved operational performance. This process is well advanced and it is anticipated that the positive impacts will be evident in the coming quarter.

In addition, in order to maximise near term metal production and free cash flow, underground development has recently been scaled back to approximately half prior advance rates with an increased focus on more cost effective ore stoping activities. As the mine has advanced development to a level where multiple stoping fronts are available, the reduction will not unfavourably impact production capacity going forward and as such is likely to continue until development is completed in 2012-13.

The Company recently agreed milestones with the state regulator PIRSA in respect to the reduction of excess water levels on the tailings storage facility. This process was consultative and the Company believes that the requirements issued by PIRSA in the resulting Environmental Directive are achievable and in line with pre-existing agreed forecasts.

Tala Hamza

In a recent ASX update (2nd November 2011), the Company outlined the main areas of concern raised by our joint venture partners and the proposal for working groups to be established to address these. The Company is still in negotiations regarding the next phase with our partner and as such it is not anticipated that this process will be concluded in the current quarter.

Corporate

The Company recently announced it has extended the SPP offer period in order to allow shareholders additional time to consider taking advantage of the share offer. As noted in the SPP announcement made to the ASX on 21st October 2011, the funds raised will be applied to meet working capital, exploration and debt service requirements. The Company has been working closely with its financiers in respect to the near term repayment obligations and believes based on dialogue to date that they are supportive of the current strategies in place to both improve near term cash flows and strengthen the balance sheet.

The zinc and lead price protection measures the Company put in place during the year have provided Terramin with price certainty during the period of recent market volatility. Management intends to maintain this strategy in future periods.