



3rd

Quarter Report 2010

HIGHLIGHTS

CHAIRMAN'S REVIEW

- Major milestone with the completion of the Tala Hamza Definitive Feasibility Study
- Menninnie Project boosts Resources and near term targets
- Unparalleled leverage to metal price cycles

ANGAS ZINC MINE

- Concentrate production increased by 12% over the previous quarter
- Significant improvement in C1 cash costs

OUED AMIZOUR PROJECT

- Confirmation of viable, long life operation at Tala Hamza of 4Mtpa based on Probable Reserve of 38Mt
- Regional exploration drill programme completed east of Tala Hamza

MENNINNIE ZINC PROJECT

- Menninnie Dam tenement and deposits to revert to 100% Terramin ownership
- 3.8Mt Inferred Resources with upside
- Drill-ready exploration targets

CORPORATE

- Investec Bank debt restructured to increase near term cash availability

FOCUS ON ZINC



ESSENTIAL

All living organisms
- plants, animals
and man - need
Zinc to live



CHAIRMAN'S REVIEW

The past few months has seen major improvements to management and the chain of command at various levels at Angas. Performance and safety are benefiting. A record level of underground development during the quarter is making multiple stopes available and building surface stockpiles.

Although ore production was on target for the quarter, lower than expected grades meant concentrate production lagged. Accordingly it is unlikely that the current quarter will allow us to meet the full year forecast. However, the operation is set for a solid year in 2011, while the outlook for concentrate production in later years is expected to improve further, with higher grades available later in the mine life.



The completion of the Definitive Feasibility Study (DFS) for Tala Hamza has been a major milestone for your Company and Algerian mining. The DFS confirms the potential for a very low-cost mine and low development capital compared to other start-ups because of the proximity to infrastructure. The time required to complete the development of this major project has clearly been a surprise to some shareholders, however it must be borne in mind that the block caving method requires most development to be completed upfront. This increases the time to production but results in very low mining costs compared to selective mining methods.

The pre-production mining plan requires 30km of tunnelling, considerably more than allowed for in earlier studies because the drawpoint spacing had to be closed up once all the geotechnical analysis became available. The extra development contributed to an increase in capital estimate compared to the Pre-feasibility Study, however the doubling of production to 4Mtpa has only increased start-up capital by 72%, and life of mine capital by a very reasonable 55% when the cost estimates in each study are adjusted for exchange rates and other variables.

The mining advance rates provided by the mining consultants have been used to estimate the development time. The rates look very conservative, and independent mining contractors have indicated that advance rates could be substantially higher. There could also be a substantial reduction in development time if we can successfully deploy road headers. These machines can advance much faster than conventional mining techniques if ground conditions are favourable and will be assessed as part of project implementation over coming months.

Your team have successfully completed a major feasibility study of over 6000 pages and an extensive Environmental Impact Study in very good time considering the many technical challenges. The proving of the appropriate mining method required repeated drilling campaigns to ascertain the rock quality in both the deposit and its surrounds, and this analysis was not completed until shortly before the DFS was completed.

Successive campaigns of drilling and analysis of rock quality progressively increased our understanding of what is a geotechnically complex ore deposit. The final result was that all development was located in the footwall for safety and stability. I have asked our engineers to provide details so shareholders can evaluate for themselves the evolving complexity of the study. You will find these details in the Oued Amizour section of this quarterly.

The capital required to commence production at Tala Hamza is not only low for the magnitude of the project, but also is considered to be quite manageable. This is because of the availability of finance within Algeria for such projects, and the ability to co-fund with banks, such that the equity contribution of the partners will be concentrated towards the end of the development phase. With Angas projected to be generating around \$100 million in cash flow at current metal prices, Terramin should have cash reserves available, especially taking into account that metal prices are forecast to be high in the same period.



Terramin's projects have great potential to bring further production on line the next few years. The most obvious is around the Angas Mine and the broader Fleurieu area. Some months ago we reported the completion of a major VTEM survey over Angas and the Fleurieu costing over \$600,000. This data is being processed and modelled at this time. The area contains many geochemical anomalies of zinc, lead, copper and gold and these will be correlated with VTEM results to provide early drilling targets for 2011. With a nearby plant at Angas and our experience in mining development in the area we could be in production within a reasonable timeframe should one of these prospects develop into a mineable resource.

As announced separately to the market, Terramin has made the important step of acquiring 100% of the Menninnie Dam tenement in South Australia. The Licence contains an announced Inferred Resource of 3.8Mt at 7.2% Pb+Zn with good silver and is still open along with large untested geochemical and geophysical anomalies. These anomalies also extend onto surrounding tenements that Terramin either owns or operates in Joint Venture. Our strategy would be to drill to extend the Central deposit and identify additional resources to supply a central treatment facility. The exploration targets are not confined to lead and zinc but include copper and gold. These targets are in a very advanced state, many of them ready for drilling as you would expect in a project where over \$12 million has been spent in the past five years.

The lead-time to production of the very considerable zinc assets in Terramin's portfolio is not necessarily the driver of share prices. The lead-zinc fundamentals have not changed and favour high zinc and lead prices over the next few years because of the substantial mine closures and lack of new projects. Terramin offers unparalleled leverage to the metal price cycle at current levels so we expect more recognition of the value of our assets by the market in coming months and years.

Terramin shareholders investment of over US\$35 million in Algeria has delivered on our agreement with the government to complete a feasibility study despite the technical challenges and operational constraints. We expect there could be opportunities to expand on our relationship with the government to jointly develop further opportunities.

Your directors and management are disappointed with the share price performance. A number of factors contribute to this, not least being the market focus that currently favours copper or gold, and the additional lead time to commence production at Tala Hamza. Although the new CEO and Board decided to part company during the quarter, management continued to make solid progress at Angas and with the completion of the studies at Tala Hamza. The search for a new leader for the Company is underway. We are also augmenting the mining team in preparation for the development of a major new mine with the emphasis on block caving experience.

In conclusion, while we expect to outperform on the development timetable for Tala Hamza, and have a strong base for success at Menninnie and the Fleurieu projects in the medium term, the main driver of market performance is the leverage inherent in your Company's metal portfolio. Since the fundamentals favour substantial increases in zinc and lead prices as mines close over the next few years, we remain confident that our market capitalisation will respond accordingly, as it has in the past.

Kevin Moriarty
Executive Chairman



ANGAS ZINC MINE

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

Safety, Environment and Community report

Safety performance at the Angas Zinc Mine continued to improve with the mine recording its first quarter without a Lost Time Injury for some time. A total of four Medical Treated Injuries were reported in the September quarter. Management remains focussed on improving the safety of the work force at the mine and the results of this activity are now starting to show up in the statistics.

A scheduled meeting of the Strathalbyn Community Consultative Committee in August provided an opportunity for the members of the Committee to tour the mine site and examine all of the environmental activities underway at the mine. The result was that most of the outstanding issues were resolved.

The major concern of the Committee related to the excess water contained in the Tailings Storage facility (TSF). With the installation and successful commissioning of a new Reverse Osmosis Plant it is expected that all of the excess water will be treated and taken off site by late 2011. This will then move the TSF back into full compliance with its environmental requirements.

Operations summary

Overall performance at the Angas Zinc Mine improved as the quarter advanced with all production numbers in September exceeding the two previous months. Underground development advanced 799 metres during the three months which was the highest for this year.

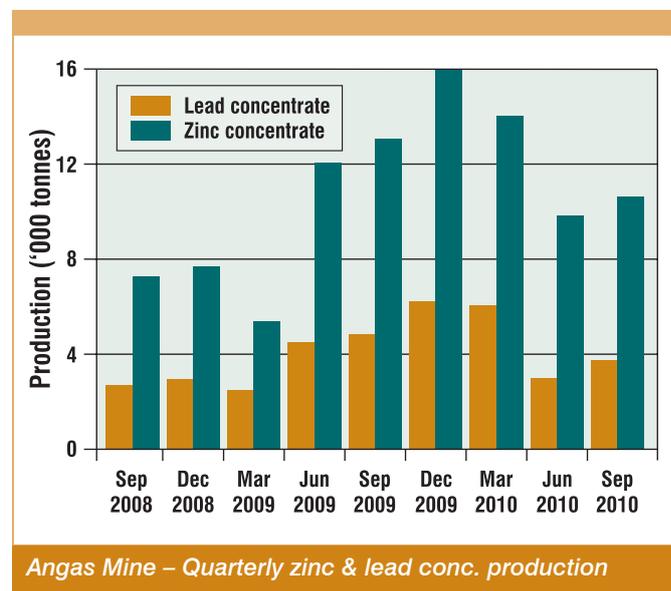
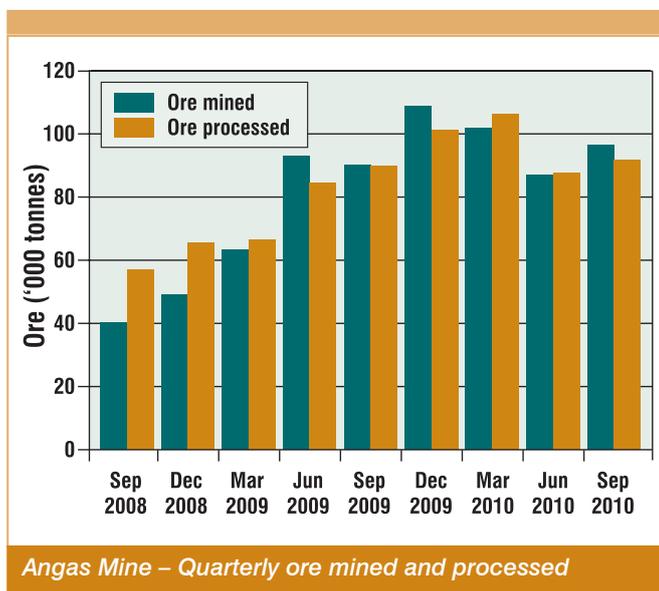
The decline reached the 240 level with cross cuts advancing towards the orebody. The improvement in the advance rate came from a number of factors including quality improvements in the mining cycle and the purchase of a refurbished jumbo machine and focus on the appropriate manning levels for all mining activities.

Ore mined for the quarter was 96,805 tonnes, about 12% higher than in the previous quarter. The mine ended the quarter with ore stockpiles on the surface and four ore drives plus five stopes in production. The increased number of mining areas is providing the mine with the flexibility to produce ore from different areas when required and more importantly will enable ore production to remain in line with mill throughput.

Ore treated by the mill totalled 92,313 tonnes representing a 5% improvement over the previous quarter. Mill throughput was constrained early in the quarter by the lack of ore, mill issues relating to premature liner wear and ore handling maintenance.

Average zinc and lead grades were slightly higher than in the previous quarter which resulted in higher concentrate output. Total zinc and lead concentrate production was 10,430 tonnes and 3,747 tonnes respectively which was a 12% increase over the previous quarter. Ore grades were less than expected due to increased waste development occurring in the ore drives.

Payable metal production for the quarter was 4,373 tonnes for zinc and 1,825 tonnes for lead.





Production statistics including C1 cash cost data

| | March Quarter 2010 | June Quarter 2010 | Sept Quarter 2010 | Year to Date 2010 |
|-----------------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| Production statistics | | | | |
| Total ore mined (tonnes) | 102,423 | 86,570 | 96,805 | 285,798 |
| Total ore treated (tonnes) | 106,489 | 87,508 | 92,313 | 286,310 |
| Ore grade: – Zn% | 7.63 | 6.58 | 6.67 | 7.00 |
| – Pb% | 3.47 | 2.28 | 2.56 | 2.81 |
| – Cu% | 0.25 | 0.22 | 0.23 | 0.23 |
| – Ag g/t | 32.4 | 25.1 | 27.2 | 28.5 |
| Zinc Concentrate (tonnes) | 13,667 | 9,674 | 10,430 | 33,771 |
| Grade: – Zn% | 52.0 | 51.2 | 49.9 | 51.1 |
| Recovery: – Zn% | 87.5 | 86.0 | 84.6 | 86.2 |
| Lead Concentrate (tonnes) | 5,983 | 3,026 | 3,747 | 12,756 |
| Grade: – Pb% | 54.2 | 54.1 | 51.7 | 53.5 |
| – Cu% | 3.5 | 4.5 | 4.5 | 4.0 |
| – Ag g/t | 472 | 541 | 516 | 501 |
| – Au g/t | 7.8 | 7.0 | 6.3 | 7.5 |
| Recoveries – Pb% | 87.8 | 82.0 | 81.9 | 84.6 |
| – Cu% | 80.2 | 71.1 | 78.0 | 76.9 |
| – Ag% | 81.9 | 74.6 | 77.0 | 78.4 |
| Payable metal | | | | |
| – Zn t | 6,019 | 4,178 | 4,373 | 14,570 |
| – Pb t | 3,066 | 1,546 | 1,825 | 6,437 |
| – Cu t | 45 | 27 | 33 | 105 |
| – Ag oz | 81,243 | 47,755 | 56,132 | 185,130 |
| – Au oz | 1,180 | 525 | 578 | 2,413 |

Costs

C1 Cash Costs (US c/lb payable zinc)

| | 50 | 87 | 79 | 65 |
|-------------------------------|-------------|-------------|-------------|-------------|
| Production Costs | 50 | 87 | 79 | 65 |
| - Mining | 25 | 53 | 44 | 37 |
| - Processing | 18 | 25 | 26 | 21 |
| - Other Site Costs | 7 | 9 | 10 | 8 |
| Realisation Costs | 43 | 40 | 42 | 41 |
| - Transport & Handling | 10 | 10 | 13 | 10 |
| - Zinc Treatment Charges | 33 | 29 | 30 | 31 |
| Net By-product Credits | (45) | (47) | (60) | (46) |
| C1 Cash Cost | 48 | 80 | 62 | 61 |

Notes: The YTD payable metal figures include adjustments based on final invoice numbers where available. The ore mined figures are estimated based on tonnes trucked to the surface whilst the ore treated figures are calculated from a weightometer. Reconciliation between the mine and the mill continues.

The reported C1 cash costs fell to US62c/lb from US80c/lb the previous quarter. There were several contributing factors that caused the improvement including increased metal production and sales, resulting in a fall in unit costs at the mine, lower ground support costs following a review by an independent expert and increased by-product credits from higher lead and other payable metal prices.

2010 Forecast production

Although production levels achieved in the September quarter were 5% ahead of forecast for the period this was not sufficient to fully recover from the poor performance in the June quarter. This has resulted in a minor downward revision of the full year target.

Forecast production levels in tonnes for 2010

| 2010 | Ore Milled | Lead concentrate | Zinc concentrate |
|---------------|------------|------------------|------------------|
| Q4 | 105,000 | 4,500 | 12,000 |
| Calendar year | 390,000 | 17,000-18,000 | 45,500-46,500 |

Sales

Total sales of zinc and lead concentrate for the quarter were 9,927 tonnes and 4,049 tonnes respectively.

Commodity Prices

| Average prices in US\$ per tonne | Zinc | Lead |
|----------------------------------|---------|---------|
| September 2010 Quarter | \$2,013 | \$2,032 |
| June 2010 Quarter | \$2,026 | \$1,950 |
| Year to date 2010 | \$2,109 | \$2,068 |

Average realised price

The average realised zinc price for the September quarter was US\$2,383 per tonne, well above the quarterly average market price (US\$2,013 per tonne). This reflects pricing terms established in advance of shipments during the third quarter.

The lead price realised for the September quarter was US\$2,550 per tonne. This was also well above the quarterly average market price of US\$2,032 per tonne. The higher market price during the quarter resulted in the upward revaluation of prior quarter sales which were subject to pricing during the September quarter. All current period sales are provisionally priced at the prevailing price at quarter end.

During the quarter the Company recorded a quotational period hedging loss of US\$304 per tonne on the sale of 810 tonnes of lead that related to June quarter sales priced in the September quarter.



Angas

Exploration at Angas, aimed at finding additional reserves to extend mine life, gathered momentum during the quarter. Four short RC holes (AN235 to AN238) were drilled, 600m south of the Angas Mine workings, for a total of 318m. The holes were testing a shallow surface EM target and anomalous geochemistry located up dip from mineralisation previously intersected in the Rankine position at 130m depth. All drill holes intersected wide sericite/muscovite altered zones of “stringery” but sub-economic base metal mineralisation with a best result of 3m @ 3.75% Pb+Zn. Results are summarised in the following tables.

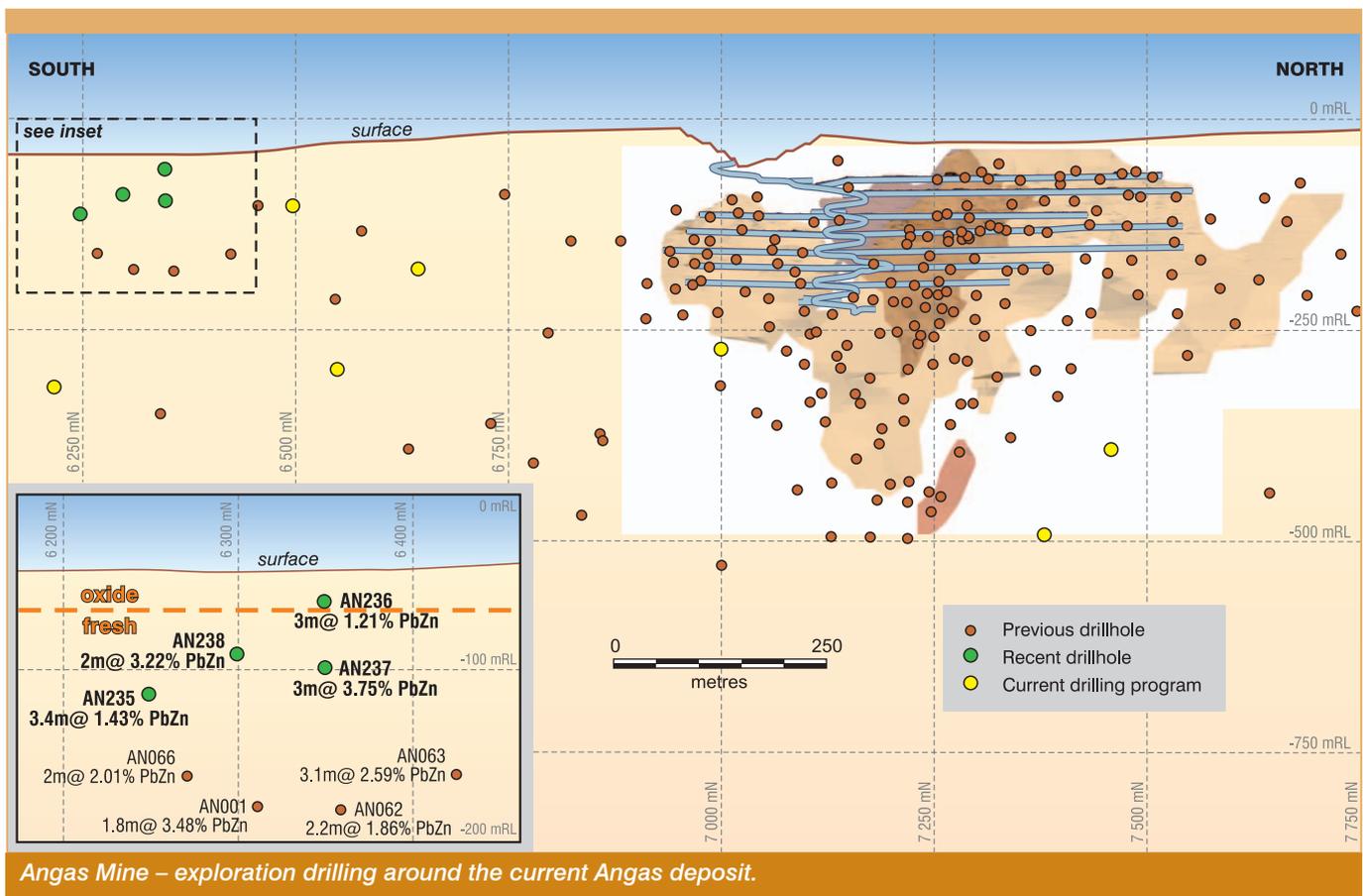
A seven-hole diamond drilling on the Angas mine Lease commenced at the end of the quarter. Total drilling is 2,200m and targets are combinations of geophysical (MIMDAS) and structural features.

Table 1: Drillhole collar location information

| Hole ID | Easting | Northing | RL | Azimuth | Dip |
|---------|---------|----------|-----|---------|-----|
| AN235 | 10460 | 6265 | -43 | 250 | -60 |
| AN236 | 10425 | 6350 | -43 | 270 | -61 |
| AN237 | 10450 | 6350 | -43 | 270 | -70 |
| AN238 | 10450 | 6300 | -43 | 270 | -60 |

Table 2: Analytical results

| Hole ID | Total mineralised interval | | | | |
|-----------|----------------------------|-------|------|------|--------|
| | From | Width | Pb% | Zn% | Pb+Zn% |
| AN235 | 80 | 3.4 | 0.58 | 0.85 | 1.43 |
| | 90.7 | 0.5 | 4.11 | 2.55 | 6.66 |
| AN236 | 15 | 3 | 1.06 | 0.15 | 1.21 |
| | 22 | 3 | 0.84 | 0.34 | 1.18 |
| | 32 | 1 | 0.23 | 1.16 | 1.39 |
| | 39 | 1 | 0.13 | 1.82 | 1.95 |
| AN237 | 49 | 1 | 0.39 | 0.65 | 1.05 |
| | 52 | 1 | 0.13 | 1.10 | 1.23 |
| | 55 | 8 | 0.41 | 1.78 | 2.19 |
| Including | 58 | 3 | 0.52 | 3.22 | 3.75 |
| | 66 | 1 | 0.69 | 0.97 | 1.66 |
| AN238 | 50 | 1 | 0.34 | 0.67 | 1.01 |
| | 56 | 2 | 1.24 | 1.98 | 3.22 |
| | 61 | 2 | 0.35 | 0.88 | 1.23 |





Fleurieu

Processed data from the VTEM survey conducted during the March quarter this year was received during the September quarter. A geophysical consultant has been contracted to complete further processing and modelling and it is anticipated that this will provide the company with a number of high priority targets for follow up.

Results of drilling at the historic Preamimma and Lady Jane Mines were received during the quarter. The shallow RC drilling at Preamimma West and two diamond holes at Preamimma and Lady Jane followed up the previously announced gold intersections.

Results were disappointing with no significant assays at Preamimma and only very weak anomalous results at Lady Jane. The Lady Jane holes however confirmed the presence of broad quartz vein systems with anomalous gold and the future exploration focus in this area will be on establishing the size of this system and identify controls on mineralisation.

Menninie Zinc Project

The project covers the Menninnie Dam JV with MMG (MDJV), Nonning JV with Minotaur, Kolendo tenement (100% owned by Menninnie Metals Pty Ltd (MMPL) a wholly owned subsidiary of Terramin) and the Taringa exploration licence application. Limited exploration has been conducted during the quarter by the manager of the MDJV, or on the other tenements that Terramin is managing other than a review of the recently flown VTEM data occurred in the project area during the quarter. The MDJV has been on care and maintenance since Oz Minerals (later acquired by MMG) announced in October 2008 that its share of the project was to be sold.

Terramin has reported separately that it reached agreement to acquire 100% of this tenement from MMG through MMPL.

The move to 100% ownership by Terramin of the Menninnie Dam tenement provides an opportunity for Terramin to regain and consolidate management control of the highly prospective tenement package.

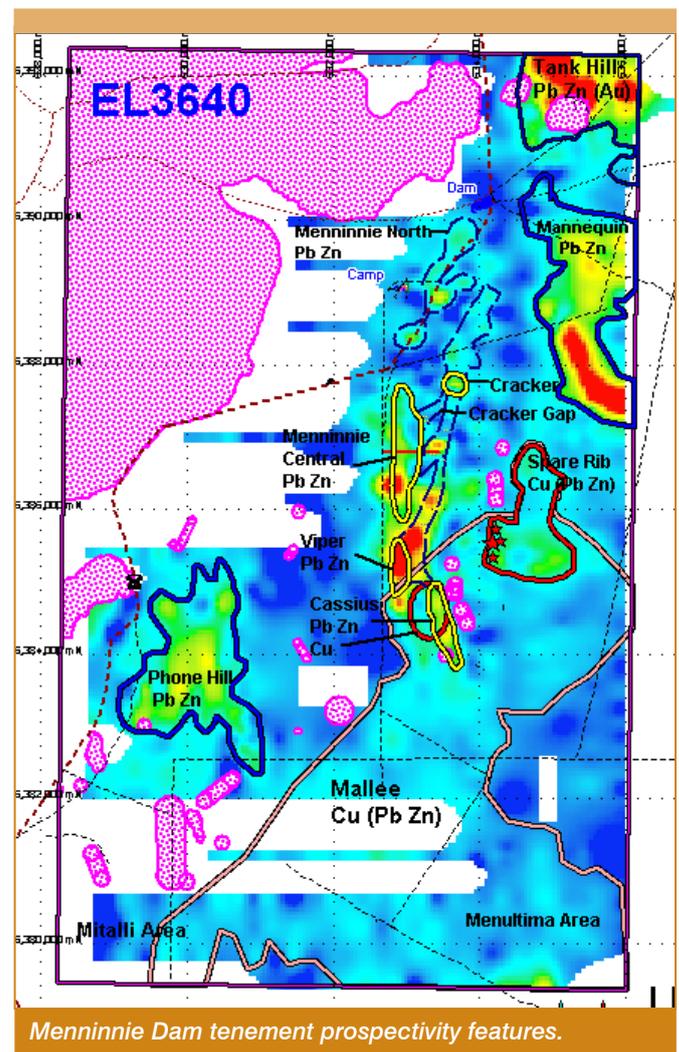
Existing resources on the tenement include the Menninnie Central Inferred Resources, which were released in January 2008 (3.8 Mt @ 3.2% Pb, 4.0% Zn, 34g/t Ag). There is good potential to expand the resource, particularly at the southern end where historical intersections such as 9.7m @ 3.6% Pb and 7.8% Zn (MD066) and 7.1m @ 5.2% Pb and 9.4% Zn (MD076) are not included in the current resource model.

Promising results have also been obtained from nearby prospects to the north and south, such as Viper (0.7m @ 12.6% Pb, 16.2% Zn in MD072), Cracker Gap (2.7m @ 30.2% Pb, 17.1% Zn in MD054) and Cracker (1.2m @ 12.9% Pb, 17.6% Zn, 324 g/t Ag in MD103). Once the transaction is completed and title is transferred to Menninnie Metals, resource estimation will be extended to these areas.

Other prospects on the Menninnie Dam tenement include Cassius and Tank Hill where limited drilling has confirmed their prospectivity. Extensive IP surveys (following up Pb in soil anomalies) have identified a number of attractive targets including Mannequin, Spare Rib and Phone Hill which are planned to be tested in the coming year. There is also considered to be potential for copper within skarn-style Fe-Cu-Au (Sn and W) mineralisation at the southern end of the licence.

The adjacent tenements of Nonning and Kolendo are considered to have potential for Menninnie Dam style mineralisation in the Gawler Range Volcanics or in underlying carbonates as well as for epithermal quartz vein systems containing gold. Limited exploration has been completed to date, including gravity and targeted IP on Nonning and a reconnaissance airborne EM (helicopter VTEM) in May 2010 on Nonning and Kolendo.

Total exploration expenditure incurred for all the Australian activities during the quarter was \$0.4 million taking the year to date total to \$1.5 million.





OUED AMIZOUR ZINC PROJECT

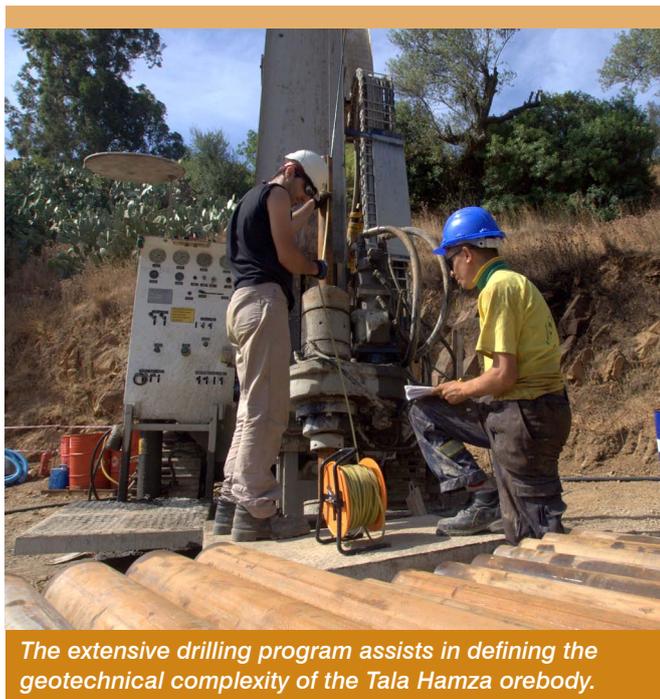
The Oued Amizour project is 100% owned by Western Mediterranean Zinc Spa (WMZ). WMZ is owned by two Algerian state owned companies: Enterprise National des Produits Miniers Non-Ferreux et des Substances Utiles Spa (ENOF) (32.5%), Office National de Recherche Géologique et Minière (ORGM) (2.5%) and Terramin (65%). The project is operated as a joint venture between ENOF and Terramin under which Terramin sole funds until the decision to mine. Terramin has spent over US\$35 million on the studies and drilling to define the deposit.

Terramin and WMZ have completed a Definitive Feasibility Study for the development of a large new underground block cave zinc mine on the Tala Hamza deposit located on the tenement. The study recommended a minimum annual throughput capacity of 4Mtpa producing an average annual production of 370,000 tonnes of zinc and lead concentrates. The tenement also contains several lead-zinc and other prospects with the possibility of more discoveries.

The most recent Tala Hamza Resource estimate (November 2009) gave a Measured and Indicated Resource of 51.1 million tonnes at 6.1% Pb+Zn, within a global Measured, Indicated and Inferred Resource of 68.6 million tonnes at 5.7% Pb+Zn. A Probable Reserve has been estimated for the block cave mine at 38.1Mt at 6.14% Pb+Zn.

Feasibility programme

Terramin completed the Definitive feasibility Study (DFS) at the end of the quarter and released the results to the ASX on 12 October (see ASX Release on the Terramin Australian or ASX websites). The DFS represents the culmination of a two year intensive work programme involving Terramin staff and consultants. The DFS is now with our partners who will review it using an independent consultant prior to its submission to the WMZ Board, the Terramin Board and the Algerian Government.



The extensive drilling program assists in defining the geotechnical complexity of the Tala Hamza orebody.

The project team faced a number of challenges, which delayed the delivery of the DFS by some months, including:

- Drilling took longer than expected because the geotechnical complexity of the orebody increased as more data was acquired. It wasn't until late May 2010 that the full impact of the geotechnical issues became apparent, which had a flow on effect to the complexities that arose in designing the mining footprint;
- It was initially expected that the undercut level could be placed within the orebody as is normal practice. This remained the case as late as May 2010, when at that stage some design had already taken place. However, geotechnical modeling then showed that the establishment of an undercut level within the orebody would not be technically, economically or practically feasible and that the undercut level would need to be moved into the footwall. The analysis also showed that undercut level drifts would need to be more widely spaced than originally proposed, resulting in a significant change to the mine design. However, this modeling work established that the orebody will cave successfully;
- Optimisation of the drawpoint footprint by both the mining and modelling consultants owing to the dip and geometry of the orebody;
- The hydrogeological program was restarted in February due to inadequate data acquired from prior testwork;
- The ventilation design required fundamental changes, including a ventilation shaft following a number of iterations; and
- The operating philosophy of the tailings storage facility dam changed dramatically to reduce capital costs requiring substantial re-engineering.



The key project outcomes are as follows:

- **Material Mined:** A total of 39.9Mt of ore is contained in the block cave design however the deposit is open to the south and the design is amenable to be extended in that direction;
- **Grades:** The life of mine average grade of 4.71% zinc and 1.33% lead and is contained within the Material Mined. The Probable Reserve is 38.1Mt at 4.78% zinc and 1.36% lead;
- **Resource:** 68.6Mt (Measured, Indicated and Inferred) at 4.6% zinc and 1.2% lead at a cut off of 2.5% zinc equivalent;
- **Pre-production Capital:** US\$579 million with the assumption that VAT and custom duty is exempted from the project cost;
- **Cash Cost:** C1 cash costs of US32.2 cents/lb payable zinc after lead credits;
- **Mining Method:** Block cave mining with stepped extraction levels to take account of the orebody dip;
- **Concentrate:** Average annual production of 310,000 tonnes of zinc concentrate containing 164,000 tonnes of zinc and 60,000 tonnes of lead concentrate containing 36,000 tonnes of lead. Production will peak in the second full year of the operation;
- **Metal production:** A total of 1.68Mt of zinc and 0.37Mt of lead will be produced over the life of the mine;
- **Construction time:** A period of 57 months is required to construct the project;
- **Ramp up:** Production will commence at a rate of 3.5Mtpa and will ramp up to 4.0Mtpa over a 15 month period;
- **Funding:** When a decision to mine is taken Terramin's partners will participate on a prorata basis;
- **Employment:** The project will employ 620 people at startup of which 568 will be Algerian nationals.

The DFS shows that the project is economically viable and that it will be a low cost operation with a long mine life. Production will be commencing in a period when the zinc market is likely to be undersupplied and the zinc price higher than the long term price assumption used for the project economics.

Exploration

Exploration in the Ait Dali valley and the Lbarkouk areas continued during the quarter. Further stream sediment sampling, mapping and channel sampling was undertaken in an effort to focus in on the key target areas. An initial shallow drilling programme comprising five drill holes was completed at Lbarkouk for a total of 803 metres. Drilling showed extensive hydrothermal alteration and some evidence of sulphides including pyrite and galena. Assay results are pending from this drilling.

Expenditure

Expenditure on the Oued Amizour project over the September quarter totalled \$1.8 million. Most of the expenditure was for the Tala Hamza DFS with the balance allocated to exploration activity.



Logging drillcore.



Shares Issued

A total of 630,540 shares were issued for the satisfaction of interest due on outstanding Convertible Notes during the quarter and a further 169,740 shares were issued pursuant to the Terramin Australia Limited Employee Share plan.

Debt Restructure

The Investec Bank (Australia) debt facility was restructured during the quarter with the aim of realigning the amortisation payments with the cash flow generated by the Angas Zinc Mine. Debt repayments in 2010 and 2011 were significantly reduced freeing up cash for use in Algeria and for exploration activities in Australia.

Hedging

A total of 1,410 tonnes of lead sold in the September quarter, with quotational pricing due to settle in the December quarter, have been hedged at an average price of US\$2,216 per tonne.

In line with Company policy, a short dated US dollar hedging programme was maintained during the quarter in order to mitigate foreign exchange risk on US dollar denominated metal sales with fixed metal prices. At the end of the quarter US dollar sold forward against the AUD totalled US\$9.4 million at an average exchange rate of 0.8868.

Cash

The company held cash totalling \$10.0 million as at 25 October 2010.

CORPORATE INFORMATION

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CAPITAL STRUCTURE

at 22 October 2010

Shares on issue 166,872,177
Unlisted Options 17,201,630
Unlisted convertible/redeemable notes US\$25,050,000
and 2,263,529 notes at \$2.21 per share conversion \$5,002,400

DIRECTORS

Kevin C Moriarty

Michael H Kennedy

Steve A Bonett

Peter Zachert

Bob Jones

Bryan Davis

Xie Yaheng

Stephane Gauducheau

Executive Chairman

BSc (Hons), PhD, MAusIMM

Director BCom (Economics)

Director BCom, LLB (Hons), MAICD, SIA

Director BBus, MCom, MGeoscience, FCA, FAIM

Director BAppSc, Dip. Prim Met

Director BSc (Tech), FAusIMM, MAICD

Director MSc, Senior Engineer

Company Secretary

LLB, GDLP, Maitrise de Droit

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Robert Singer. The information that relates to Ore Reserves is based on information compiled by Dr David Allison. Mr Singer is a Member of The Australasian Institute of Mining and Metallurgy and Dr Allison is a Member of the Institute on Materials, Minerals and Mining. Mr Singer is Chief Geologist of Terramin Australia and Dr Allison is Senior Mining Engineer at Golder Associates (UK) Ltd. Both have 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 of Exploration Results, Mineral Resources and Ore Reserves'. Mr Singer and Dr Allison consent to the inclusion in the report of the matters based on his information in the form and context in which it appear.