



ASX Shareholder Report

20 November 2012

Enquiries on this Report
or the Company
may be directed to:

Nic Clift
Chief Executive Officer
+61 8 8123 1415

Mark Gell
+61 419 440 533

Website Address:
www.terramin.com.au

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

**TERRAMIN
Australia Limited**
ABN 67 062 576 238

Address
Suite 116, 147 Pirie Street
Adelaide SA 5000
Australia

Telephone
+61 8 8213 1415

Facsimile
+61 8 8213 1416

Response to Media Report

Terramin Australia Limited (ASX: TZN) wishes to acknowledge that an article was published on the AdelaideNow website earlier today reporting that the Company had received an offer from Dr Kevin Moriarty in relation to the acquisition of the Company's 65% interest in the Tala Hamza project for an aggregate price of US\$60 million.

The Company confirms that it received a letter from Dr Moriarty on 14 November 2012 which proposed the acquisition of the Company's interest in the Tala Hamza project for US\$60 million, upon the following terms:

- \$5 million would be received upon receipt of regulatory approval to submit an application for a mining permit;
- \$15 million payable on award of mining permit;
- \$20 million payable on securing drawdown of funding; and
- \$20 million payable after two years full production.

The Company notes that this proposal:

- did not disclose the name of the potential bidders, stating only that Dr Moriarty represents interested parties;
- did not indicate whether it was a binding offer or an expression of interest;
- was far from commercially reasonable, requiring a full transfer of the Company's interest in the project upon payment of the initial \$5 million tranche. This required that the Company take on the risk of permitting, without the resultant upside value being reflected in the proposed price;
- had no set timeframe for receipt of funds; and
- was highly conditional, including being subject to due diligence to the absolute satisfaction of the proposed purchaser.

The Board considered the proposal and formed the view that it was not commercially acceptable for various reasons, including that the Company would not receive the proposed first payment until after a decision to mine has been taken by the Company's joint venture entity, Western Mediterranean Zinc Spa. This would effectively amount to a sale of the asset at a price that did not reflect that the project, at that time, would be significantly de-risked.

Accordingly the Board took the view that this was not a proposal that could be taken seriously, and therefore did not warrant disclosure.