



ASX Shareholder Report

23 December 2010

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

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NFC backs Terramin with a A\$50m Facility

Terramin Australia Limited (ASX:TZN) is pleased to announce the placement of 10,000,000 shares to China Non-Ferrous Metal Industry's Foreign Engineering and Construction Company Ltd (NFC). The placement price will be \$0.62 cents per share which is approximately a 30% premium to Terramin's recent 15 day volume weighted average share price (vwap).

The purpose of the placement is to fund an aggressive exploration program on Terramin's 100% owned projects in South Australia. These include drilling to define the new shoot at the Angas Zinc Mine to expand its existing resource base and extend mine life. In addition, the funding will enable Terramin to fast track deep drilling under Angas and to undertake a mining scoping study at Terramin's Menninnie Dam Project.

The A\$6.2 million placement is made under the terms of a A\$50 million subscription agreement between NFC and Terramin.

This funding facility can be utilised to acquire advanced mining projects in Australia. NFC's global construction and plant engineering capability is available to facilitate the development of new projects.

Potential acquisitions will benefit from Terramin's experienced operations and support team based in South Australia. Several recent transactions in the Australian region involving NFC have combined funding and engineering support including the \$600m Barrambie Vanadium Project in WA and the Yandera Cu/Mo project in PNG. In both cases NFC is to provide a mix of equity and debt funding, and support this with its design and construction capability. NFC can also supply quality and reliable plant and equipment at very competitive prices.

Under the A\$50 million subscription agreement, Terramin has the right, but not the obligation, to issue shares to NFC at a 30% premium to 15 day vwap at the time of subscription subject to NFC's agreement and any shareholders' approval if required. This agreement also provides that NFC's maximum shareholding is capped at 19.9%. Any placement made under this agreement has been approved by FIRB and the NDRC but is subject to additional Chinese regulatory approval.

Terramin's Chairman, Dr Kevin Moriarty, said that "the financial and technical support from NFC means Terramin can grow faster. We have been evaluating mining projects that could be acquired through leveraged merger or acquisition and have initiated discussions with several parties holding copper-gold assets; however lead-zinc projects are also under consideration."