



ASX Shareholder Report

24 August 2011

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

Kevin Moriarty
Managing Director

+ 61 8 8213 1415

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

Level 22, Westpac House
91 King William Street
Adelaide SA 5000
Australia

Telephone

+61 8 8213 1415

Facsimile

+61 8 8213 1416

Additional clarification on Algerian project status

Following an unusual number of queries from shareholders following the latest Tala Hamza update, Terramin Australia Ltd (ASX:TZN) considers it necessary to present some more details arising from a recent meeting with Terramin's Algerian colleagues.

Reporting to the board on the meeting, Terramin's Managing Director, Dr Kevin Moriarty said that our Algerian colleagues again expressed their interest to see the project proceed. "We were specifically asked to continue being patient because the delays in their review were in part caused by external factors. We have observed that the amalgamation of all state owned mining companies into the new state conglomerate, Manal, has required considerable management attention."

Dr Moriarty pointed out that Terramin's partners and the government have stated that they want the deposit mined. They are aware that it will create new employment for thousands of local people, catalyse new businesses, and constitute a milestone for the Algerian mining industry.

He added, "A few months ago, the Minister of Mines wrote to assure us of the importance of the project to the national mining sector. I am confident, therefore, that the project will proceed once we have agreed on the final form."

"It should be borne in mind that this is a new project in both scale and mining method for the country. It is close to urban areas, and would be expected to attract greater scrutiny by regulators. Terramin's shareholders should be reassured that your Company employed the foremost global experts in both mining method and environmental studies, so your board and management are confident that the DFS will stand up to scrutiny by similarly qualified experts."

Dr Moriarty pointed out that shareholders should also be reassured that the Company's engineers, working with international mining contracting groups, are confident of achieving a considerably faster development schedule once construction proceeds. He said, "This will also improve the project economics, but to be able to quantify this we need further clarification on taxation and concessional regimes, as well as more detailed engineering studies."

Finally, the recent meeting gave the assurance that the review was a priority once Ramadan concluded and staff returned from holidays in early September.



TERRAMIN AUSTRALIA LIMITED

The Tala Hamza project is 100% owned by Western Mediterranean Zinc Spa (WMZ). The shareholders of WMZ are: Terramin (65%) and two Algerian state owned companies, Enterprise National des Produits Miniers Non-Ferreux et des Substances Utiles Spa (ENOF) (32.5%) and Office National de Recherche Géologique et Minière (ORGM) (2.5%).

Terramin and WMZ have completed a Definitive Feasibility Study for the development of a 4Mtpa block cave zinc mine producing an average annual production of 370,000 tonnes of zinc and lead concentrates.