



ASX Shareholder Report

30 May 2012

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or the Company
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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

- **Strategic review to unlock value of prospective Menninnie & Fleurieu exploration projects.**
- **Angas mine sustains increased throughput rates resulting in record monthly tonnes processed in April.**
- **Continued support from the Company's financiers.**

Terramin Managing Director, Nic Clift, today announced further progress on the Company's strategic review with an initiative to unlock the value of the prospective Menninnie and Fleurieu exploration projects.

Nic Clift said, "Management in concert with the Board have been exploring ways to unlock shareholder value in the many assets owned by the Company as part of the ongoing strategic review.

"Stage one of the review was disclosed in April with the announcement of discussions with China Non-Ferrous Metal Industry's Foreign Engineering and Construction Co., Ltd (NFC), a substantial shareholder of Terramin, in relation to the possible sale by Terramin of its interest in the Tala Hamza Project to NFC.

"The next stage of the review involves seeking expressions of interest for either joint venture or outright sale of the prospective Menninnie and Fleurieu exploration projects. This would allow the Company to either further our interests in these projects and/or unlock the potential value contained within them.

"I am also pleased with the progress we are making at the Angas Zinc mine as a result of the increased operational focus placed on the mine. The optimisation programmes introduced late last year continue to deliver results with mill performance setting records. This will assist the company in achieving targeted increases in production and management of its cash position."



Strategic Review

As an outcome of the ongoing strategic review announced in December, Terramin Australia Limited (“Terramin” or the “Company”) is progressing options to unlock the value of the Company’s prospective Menninnie and Fleurieu exploration projects. In this next stage of the Company’s strategic review, expressions of interest are sought from interested parties on the basis of either a joint venture farm-in arrangement or outright sale.

These prospective projects in the Gawler Craton and Fleurieu regions of South Australia incorporate a large inferred zinc-lead resource and several drill-ready copper-gold prospects (refer to pages 4 to 7 for further information about these projects).

Terramin has engaged Fortis Agō as corporate finance advisor to assist with this process. Companies seeking further information on the opportunities should contact:

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Angas On Track For Positive June Quarter

As a result of recent optimisation programmes, the Angas Zinc mine is on track to achieve further increases in zinc concentrate production in the June quarter, continuing the upwards trend over 5 consecutive quarters. The April ore throughput of over 40,000 tonnes was the highest in the history of the mine. As noted in the recent quarterly report, plant throughput rates have been progressively increased with encouraging results in respect to both metal recoveries and plant uptime. Rates averaging circa 58 tonnes per hour have been maintained in the current quarter, an increase of 15% on historical rates, including a peak rate of 62 tonnes per hour. It is anticipated that these sustained higher throughput rates, complemented by increasing ore availability, will result in a significant improvement in the free cash flow generated by the mine.



The Company anticipates further improvements in performance at Angas under its new General Manager, Joe Ranford, who commenced in April. Joe is a mining engineer with 18 years' experience in mining operations and project management roles in Australia and South Africa. He has extensive experience in both underground and open cut mining methods across a number of commodities. Joe has strong experience in mine management, including environmental and safety compliance.

Tala Hamza

As noted in the market update provided on 9 May 2012, the Company is continuing discussions with China Non-Ferrous Metal Industry's Foreign Engineering and Construction Co. Ltd (NFC) in respect to the potential sale of Terramin's interest in the Tala Hamza project. Parallel talks are ongoing to look at alternative approaches to the development of the Tala Hamza project with our joint venture partners.

Corporate

As a result of ongoing discussions with the Company's financiers Investec Bank (Australia) Limited ("Investec"), a short term working capital facility of \$2.5m has been established. This has been provided whilst a broader review of the Company's debt facility and funding requirements progresses with Investec. The Company is seeking access to sufficient funding over the balance of 2012 whilst the Company's strategic review is progressed, together with the restructure of near term principal maturities to align with the forecast Angas free cash flow profile over the remaining mine life.



ABOUT TERRAMIN'S EXPLORATION PROJECTS:

Menninnie Zinc

The Menninnie Zinc project comprises a group of five Exploration Licences covering a contiguous area of 2,471km² in the highly prospective Gawler Craton region. These licences are Menninnie Dam (EL3640), Nonning (EL4813), Kolendo (EL4285), Taringa (EL4669) and Wipipippee Hill (EL 4865) (refer figure 1).

The Project includes the Menninnie Central and Viper deposits in EL3640 with an Inferred Resource of 7.7 million tonnes at 3.1% Zn, 2.6% Pb and 27g/t Ag (February 2011) (refer figure 2). Further prospective targets have been identified with drilling planned. The project is well positioned to attract a substantial JV partner.

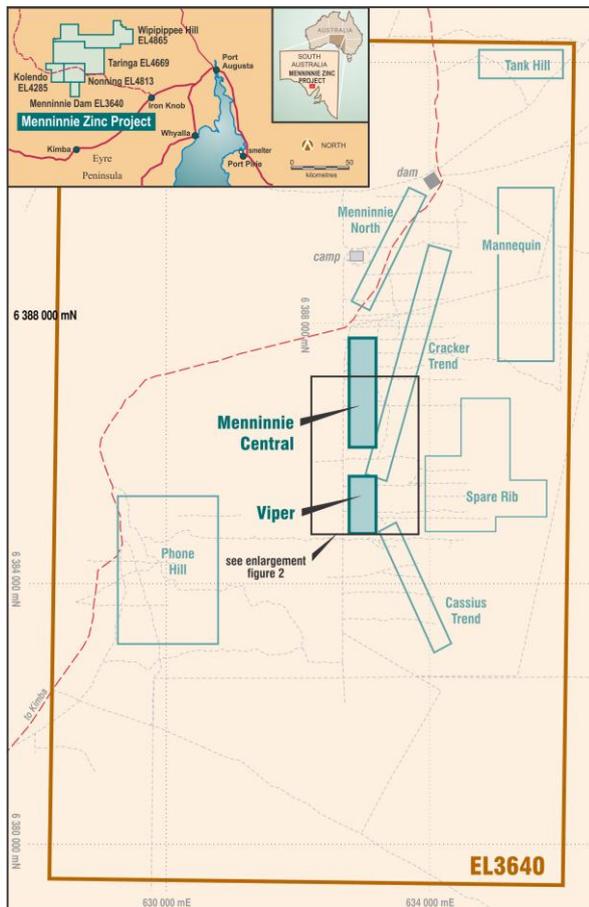


Figure 1: Menninnie Dam tenement prospects

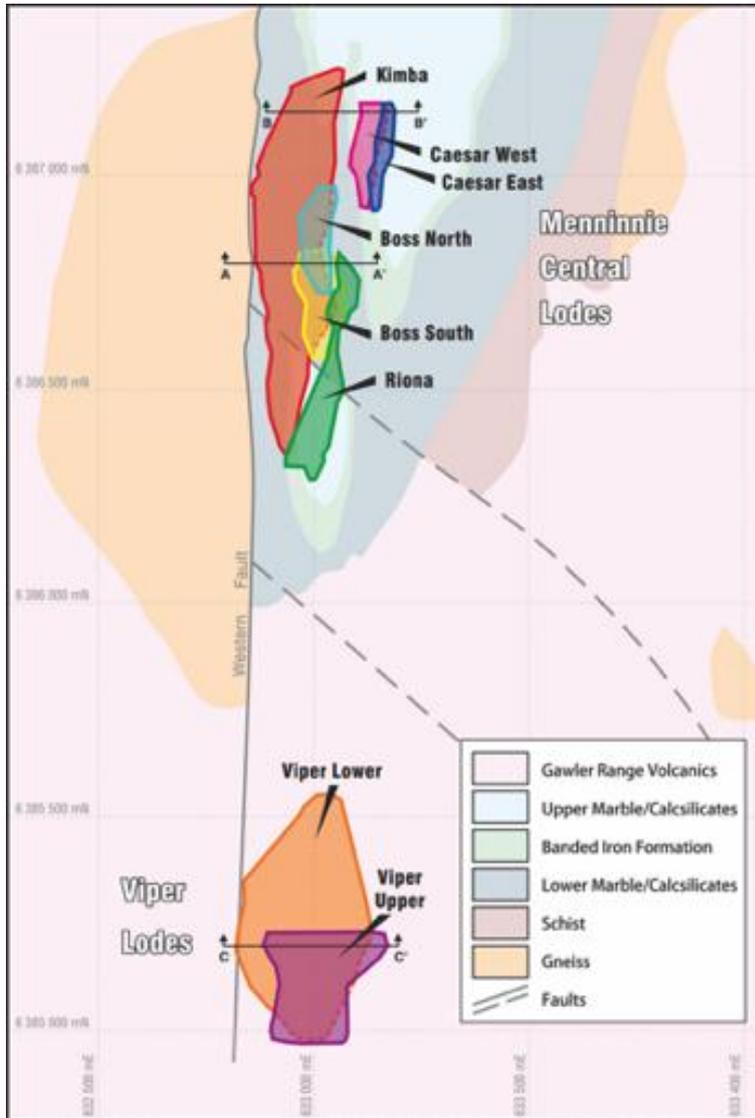


Figure 2: Central and Viper deposits

Fleurieu Exploration Project

The Fleurieu Project comprises four contiguous Exploration Licences: Bremer (EL3641); Hartley (EL3792); Currency Creek (EL4210); Langhorne Creek (EL4466) which together cover an area of 1,032km². The tenements cover an elongated zone stretching 60km northeast and southwest of the Angas Mine Lease. A fifth licence, ELA-2011/00288, Pfeiffer, has been applied for to the east of the existing Fleurieu tenements, covering an additional 154km² and which is prospective for gold.



Figure 3: Fleurieu Exploration Licences

The Fleurieu Exploration project incorporates the following prospects: Pipeline, a gold copper bismuth prospect, shear zone hosted with 1.2km strike length, discovered in 2011 and announced in Q3; Disher Hill, a new copper-gold prospect to the west of Frahns and Pipeline announced in Q4 2011; and Freeway, the reinvestigation of an historic copper-gold prospect prompted by recent VTEM results. (Refer to figure 3)

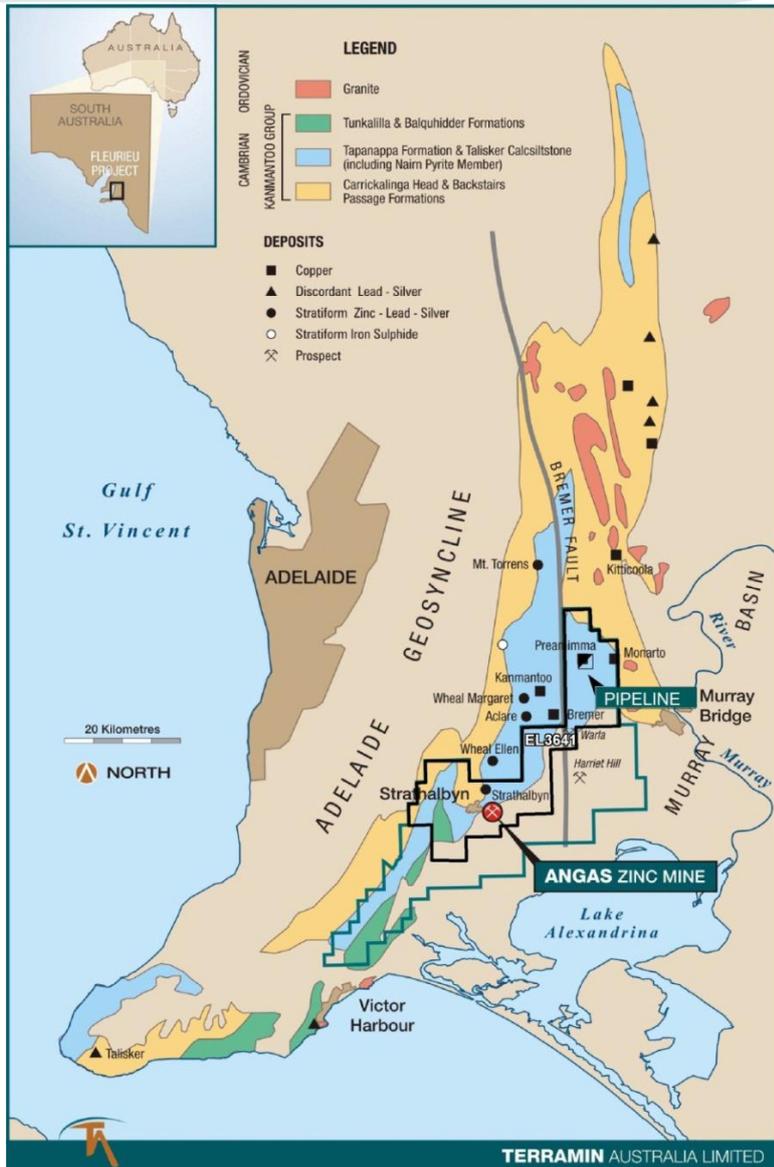


Figure 4: Fleurieu Exploration prospects

The information that relates to Mineral Resources for Menninnie Dam is based on information compiled by Mr Robert Singer. Mr Singer is a Member of The Australasian Institute of Mining and Metallurgy. Mr Singer was Chief Geologist of Terramin Australia Limited at the time of his estimates. Mr Singer has 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 consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.