



ASX Shareholder Report

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

Dr Kevin Moriarty
Executive Chairman

+ 61 8 8213 1415
+ 61 408 173 157

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

Major Resource Upgrade for Tala Hamza

HIGHLIGHTS

- **Measured + Indicated Resource of 51.1Mt @ 6.14% Pb+Zn more than double previous Indicated Resource**
- **Resource tonnes up 17% to 68.6Mt @ 5.7% Pb+Zn**
- **First Measured Resource estimate**
- **Mining costs 40% lower with block cave as preferred mining method**
- **Detailed mine design in development**

Terramin Australia Limited (ASX:TZN) today announced an expanded Mineral Resource for the Tala Hamza deposit, part of the Oued Amizour Project in Algeria. The Project is operated by Western Mediterranean Zinc Spa (WMZ), in which the Company has a 65% interest.

The revised estimate (at 15 November 2009) contains 68.6 million tonnes at 4.6% Zn and 1.1% Pb in the Measured, Indicated and Inferred Resources. This represents a 17% increase in tonnes and 2.4% increase in contained lead and zinc metal to 3.9 million tonnes. Of this, 51.1 million tonnes @ 4.87% Zn and 1.27% Pb is in the Measured and Indicated categories.

Terramin's Executive Chairman, Dr Kevin Moriarty, said the new classification provided for a high level of assurance for planning a large mine and would assist in obtaining good terms for project financing.

"Three quarters of the Resource is now classified in higher confidence categories. Additionally, block caving has very low operating costs that provide profitability at lower grades, enabling economic mining of more of the deposit," Dr Moriarty said.

"Geotechnical modelling by Golder Associates using data collected by Terramin and WMZ has shown that the Tala Hamza deposit is caveable at the proposed undercut dimensions and that there is sufficient hydraulic radius to cave through to the surface," he added.

Dr Moriarty also said that benchmarking studies by Golder Associates showed the recommended development dimensions and spacings for the Tala Hamza block cave placed it in the mid-range of similar mine developments worldwide.

He added that another major benefit of block caving is that, as a bottom-up mining method, it suits the Tala Hamza deposit, where higher grades tend to occur preferentially at depth.

Commenting on the wider implications of the results, Dr Moriarty said "The joint venture has known for some time of the potential in drilled prospects in the larger Oued Amizour area to provide for substantial extensions to mine life. The revised interpretation underpinning the expanded Resource has identified a number of exciting exploration targets and significant upside in and around Tala Hamza. What is clear is that the area will sustain a bulk mining operation for the long term."

The previous Resource estimate of October 2008 was the basis for the positive Prefeasibility Study (PFS) completed earlier this year. The PFS used only the then Indicated Resource of 24.8Mt @ 8.1% Pb+Zn for the sublevel cave option. Data from an additional 25 diamond drill holes (12,970m) has since been incorporated. The location of the new drilling is shown in Figure 1 in the accompanying statement. The Resource database now comprises a total of 88 holes of which 59 have been drilled by WMZ.



The additional drilling data and detailed surface mapping completed in the last six months has allowed an improved structural interpretation of the deposit. The most significant change is the recognition that the regionally significant Bouzenan Fault is shallow west dipping rather than dipping steeply to the east, which has led to a simpler model and a reduction of mineralisation domains from nine to five.

Results of the revised Resource estimate are summarised below. Further details are provided in the Resource Statement accompanying this release.

| | November 2009 | | | October 2008 | | | Contained Metal 2009 | | |
|---------------------------|---------------|-------------|-------------|--------------|-------------|-------------|----------------------|-------------|-------------|
| | Tonnes Mt | % Zn | % Pb | Tonnes Mt | % Zn | % Pb | Zn Mt | Pb Mt | Total Mt |
| Measured | 30.6 | 5.74 | 1.59 | - | - | - | 1.76 | 0.49 | 2.25 |
| Indicated | 20.5 | 3.57 | 0.79 | 24.8 | 6.49 | 1.82 | 0.73 | 0.16 | 0.89 |
| Measured+Indicated | 51.1 | 4.87 | 1.27 | 24.8 | 6.49 | 1.62 | 2.49 | 0.65 | 3.14 |
| Inferred | 17.5 | 3.7 | 0.6 | 33.8 | 4.3 | 0.9 | 0.65 | 0.11 | 0.76 |
| Total Resource | 68.6 | 4.6 | 1.1 | 58.6 | 5.2 | 1.3 | 3.14 | 0.76 | 3.90 |

Table 1: Indicated and Inferred Resource estimate as at 15 November 2009 with comparison to October 2008 estimate

The most significant change from the 2008 estimate is the first Measured Resource of 30.6 Mt @ 7.3% Pb+Zn and the expansion to 51.1 Mt @ 6.1% Pb+Zn in the combined Measured and Indicated categories. This represents more than doubling of the material in the higher confidence categories.

The revised classification is a result of the additional drilling data combined with final selection of a preferred mining method. Geotechnical studies by Golder Associates have now confirmed block caving as the recommended mining method for the Tala Hamza deposit. These factors have allowed a redefinition of the Resource categories. Material with a drill spacing of 50m is now classified as Measured (previously Indicated), while material with drill spacing between 50 and 75m is categorised as Indicated. Further details are provided in the attached Resource Statement.

Selection of block caving as the mining method has also led to a change in the way the Resource is reported. The 2009 Resource polygons for Measured and Indicated Resources were defined on a nominal 2.5% ZnEq cut-off as previously, but reported Resources include all material within the respective polygons. As a consequence the new Resource includes internal dilution and therefore will incur less additional dilution during conversion to Reserve.

The reinterpretation of the deposit has delivered a number of immediate positives for the Project. Importantly, a larger volume of Indicated and Measured Resource material is now being used to develop a robust mine plan that will more effectively optimize extraction of the deposit. Extensions and faulted offsets of known mineralisation around Tala Hamza can now be better targeted.

The focus of drilling will soon change to testing these areas and the many existing prospects identified in previous exploration to build the mineral inventory to sustain this long-life mining operation.



About Oued Amizour Zinc Project – Algeria

The Oued Amizour zinc project is situated on the Mediterranean coast of Algeria and contains several lead-zinc prospects with the possibility of more discoveries. Based 15km from the deep water port of Bejaia the location has infrastructure advantages - roads, power, water, and labour force and is well positioned to supply lead and zinc concentrate feedstock to European smelters.

The project is 100% owned by Western Mediterranean Zinc Spa (WMZ) a joint venture between Terramin (65%) and two Algerian government-owned companies: ENOF (32.5%) and ORGM (2.5%).



The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Robert Singer, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Singer is Chief Geologist and a full time employee of Terramin Australia Limited. Mr Singer has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources or Ore Reserves'. Mr Singer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



TALA HAMZA DEPOSIT Mineral Resource Statement As at 15 November 2009

A revised estimate of Mineral Resources at the Tala Hamza deposit in Algeria, based on data available as at 15 November 2009, has been prepared by the staff of Terramin Australia Limited. The estimate is prepared and reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2004 (JORC Code) and also conforms to Algerian Executive Decree No 05-252 of 19 July 2005.

A summary of results and comparison with the previous estimate is presented in Table 1.

| | November 2009 | | | October 2008 | | | Contained Metal 2009 | | |
|---------------------------|---------------|-------------|-------------|--------------|-------------|-------------|----------------------|-------------|-------------|
| | Tonnes Mt | % Zn | % Pb | Tonnes Mt | % Zn | % Pb | Zn Mt | Pb Mt | Total Mt |
| Measured | 30.6 | 5.74 | 1.59 | - | - | - | 1.76 | 0.49 | 2.25 |
| Indicated | 20.5 | 3.57 | 0.79 | 24.8 | 6.49 | 1.82 | 0.73 | 0.16 | 0.89 |
| Measured+Indicated | 51.1 | 4.87 | 1.27 | 24.8 | 6.49 | 1.62 | 2.49 | 0.65 | 3.14 |
| Inferred | 17.5 | 3.7 | 0.6 | 33.8 | 4.3 | 0.9 | 0.65 | 0.11 | 0.76 |
| Total Resource | 68.6 | 4.6 | 1.1 | 58.6 | 5.2 | 1.3 | 3.14 | 0.76 | 3.90 |

Note: November 2009 estimate is at a nominal 2.5% zinc equivalent cut-off for the Measured and Indicated Resources with internal waste included. Inferred Resource is at a 2.5% zinc equivalent cut-off within the 1% Pb+Zn outline. The September 2008 estimate is at a 2.5% zinc equivalent cut-off.

Table 1: Indicated and Inferred Resource estimate as at 15 November 2009 with comparison to October 2008 Estimate

Methods adopted were similar to those utilised for the September 2008 Resource (and reported to the ASX by Terramin on 13 October 2008) with the following exceptions and variations:

1. The Resource estimation is supported by a diamond drilling database comprising 88 drill holes, made up of 29 historic drill holes (pre 2005), drilled by the Algerian Government (ORGM) and 59 new holes (2006-2009) drilled by Western Mediterranean Zinc Spa (WMZ). Data from 25 new holes (12,970m) has been included in the November 2009 estimate, though 16 of these were drilled but not assayed at the time of the September 2008 estimate. Analyses are outstanding for five holes.
2. An additional two ORGM holes have been removed from the database as they have been twinned by recent WMZ holes. Figure 1 shows new holes for which analytical data is available for the new estimate.
3. The new WMZ drilling has focussed both on the central part of the deposit (the previous Indicated Resource) to improve drill spacing, and on the surrounding Inferred Resource. Drill spacing within the 2008 Indicated Resource has been generally maintained at 50m though in places it has been closed down to 20-40m.

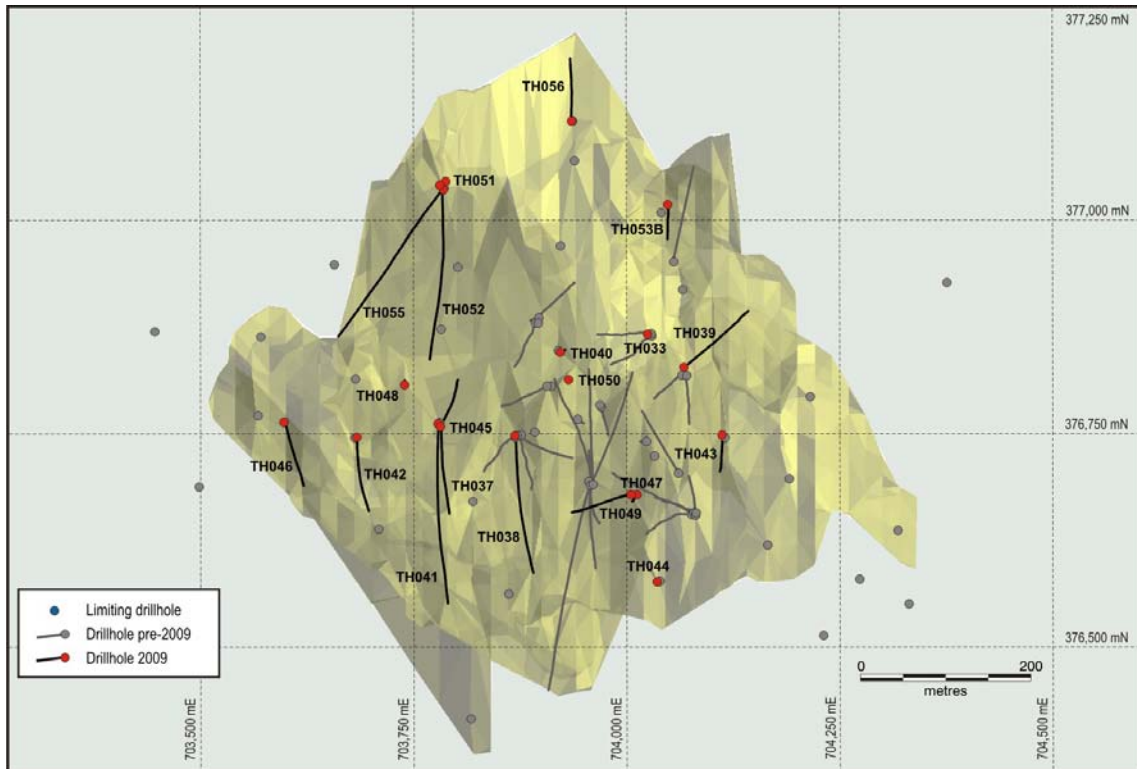


Figure 1: Plan view of Tala Hamza deposit showing new drill holes for which analyses were used in the November 2009 estimate.

4. This additional data has been incorporated into the database and used to confirm and remodel the existing structural interpretation. The most significant change to the interpretation is the recognition that the Bouzenan Fault is shallow west dipping rather than dipping steeply east. This has meant that a number of domains are no longer truncated against this fault and has led to a simpler interpretation. The deposit has been divided into five domains compared with the previous nine.
5. Ongoing geotechnical work for the Feasibility Study has led to a review of possible mining methods at Tala Hamza. Golder Associates has identified block caving as the preferred mining method. A review of the Resource categorisation in the light of this change has determined that 50m drill spacing is adequate for definition of Measured Resources for this method of mining. 50m spacing was used to define Indicated Resource in the 2008 estimate. The main factors considered in arriving at this change are:
 - a. closer spaced drilling is not considered necessary to increase confidence in internal correlations for this bulk mining method;
 - b. drilling results received since September 2008 have not significantly changed the geological interpretation within the former Indicated Resource outline;
 - c. infill drilling has confirmed interpreted geological boundaries which are usually predictable within 1-3 metres;
 - d. the deposit is very thick relative to its length. At a 50m drill spacing this means the drill spacing is one-third to one-quarter of the body thickness so closer spaced drilling is not required to have confidence in the deposit geometry and
 - e. subsequent drilling is unlikely to change the volume (and hence tonnage) estimate by a significant amount (<10%).



6. With the revision to classification of Measured Resource, determination of Indicated Resource for this estimate has been made on the basis of drill spacing of less than 75m with Inferred Resource at spacings between 75m and 150m. Outlines of the Measured, Indicated and Inferred Resources are shown in Figure 2.

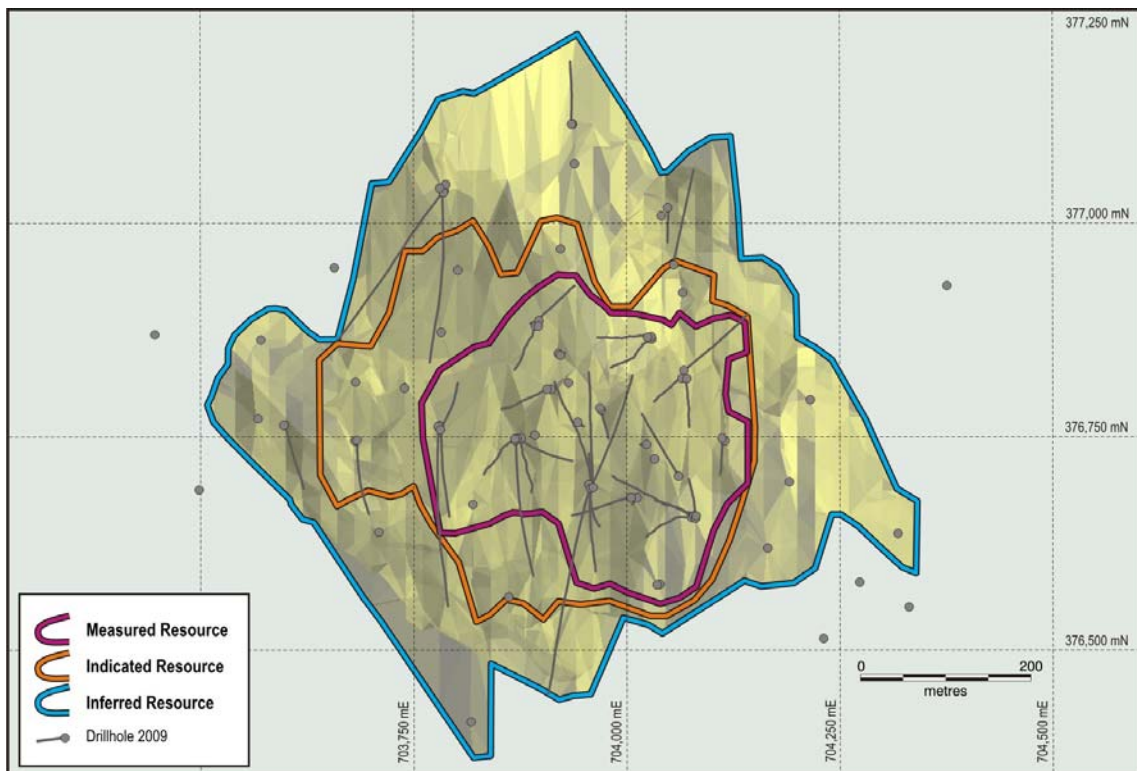


Figure 2: Plan view of November 2009 Resource outlines

7. ORGM drilling continues to be used in the Resource estimate. Within the Measured and Indicated Resources it has been largely replaced by WMZ drilling with only 7% and 18% (respectively) of ORGM holes remaining. The continuing inclusion of the ORGM drilling in the Indicated and Inferred Resources is supported by:
- results of the twin drilling programme, where the WMZ twin holes generally confirmed the interval and tenor of Pb+Zn mineralisation and
 - the observation that the mineralised intersection widths in WMZ holes are similar to those in nearby ORGM holes.
8. The September 2008 mineralisation model comprised nine domains. These domains were defined both by interpreted fault boundaries and a nominal 1% Pb+Zn cut-off. The revised interpretation broadly retains the major domain boundaries but with the removal of the Bouzenan Fault as a constraint has resulted in definition of only five domains. A sixth domain (Western) has been modelled but contains no blocks over 2.5% ZnEq cut-off. The revised domains are shown in Figure 3 and results are listed by domain in Table 2.

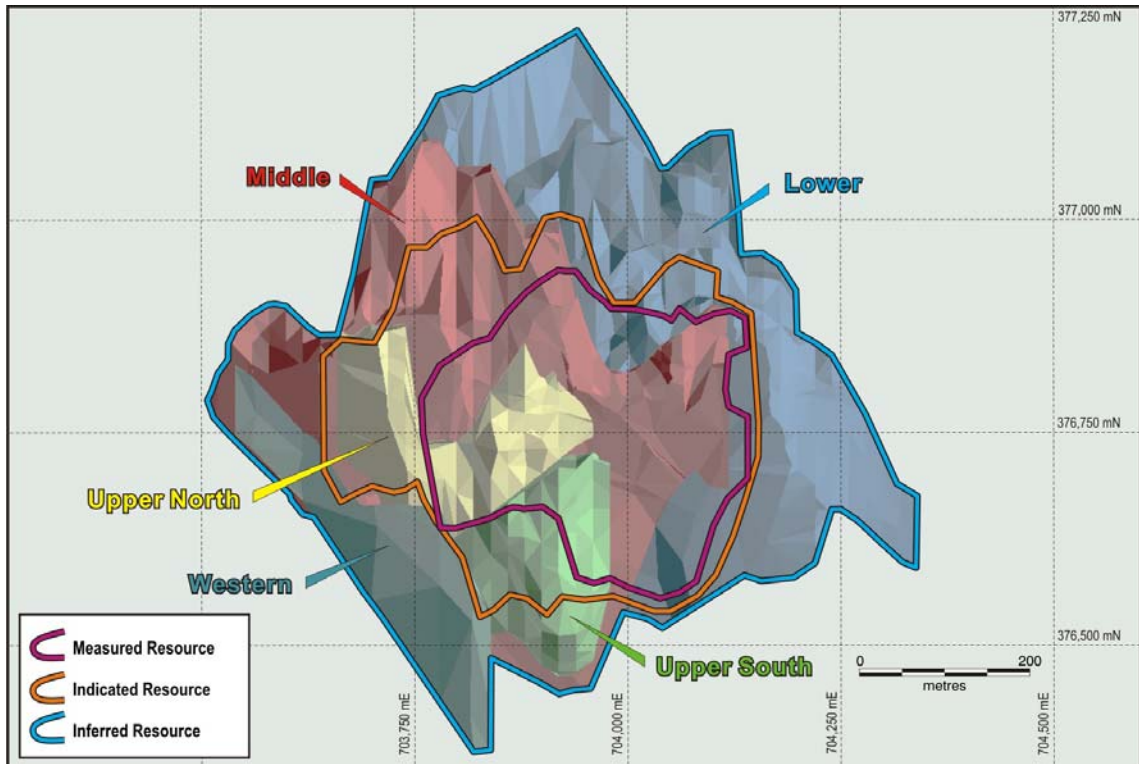


Figure 3: Plan view of geological domains used for Resource estimation for the November 2009 estimate

| Domain | Measured | | | | Indicated | | | | Inferred | | | | Total | | | |
|-------------|----------|------|------|-------|-----------|------|------|-------|----------|-----|-----|-------|-------|------|------|-------|
| | Mt | Pb% | Zn% | Pb+Zn | Mt | Pb% | Zn% | Pb+Zn | Mt | Pb% | Zn% | Pb+Zn | Mt | Pb% | Zn% | Pb+Zn |
| Upper North | 0.05 | 0.46 | 3.18 | 3.64 | 0.59 | 0.32 | 2.29 | 2.61 | 0.06 | 0.3 | 2.6 | 2.9 | 1.10 | 0.4 | 2.7 | 3.1 |
| Upper South | 0.02 | 0.20 | 1.39 | 1.59 | 0.02 | 0.25 | 1.34 | 1.59 | 0.07 | 1.6 | 1.9 | 3.5 | 0.11 | 1.1 | 1.7 | 2.8 |
| Mid | 4.53 | 0.46 | 3.00 | 3.46 | 9.52 | 0.43 | 3.31 | 3.56 | 3.0 | 0.5 | 2.8 | 3.3 | 17.0 | 0.5 | 3.0 | 3.5 |
| Lower | 24.79 | 1.86 | 6.46 | 8.32 | 10.05 | 1.18 | 4.18 | 5.36 | 14.3 | 0.7 | 4.0 | 4.7 | 49.2 | 1.4 | 5.3 | 6.7 |
| DZ | 0.77 | 0.06 | 0.38 | 0.44 | 0.32 | 0.05 | 0.37 | 0.42 | - | - | - | - | 1.10 | 0.06 | 0.38 | 0.44 |
| Total | 30.62 | 1.59 | 5.74 | 7.32 | 20.49 | 0.79 | 3.57 | 4.37 | 17.5 | 0.6 | 3.7 | 4.3 | 68.6 | 1.1 | 4.6 | 5.7 |

Table 2: Measured Indicated and Inferred Resource estimate as at 15 November 2009 by domain and Resource class at 2.5% ZnEq cut off.

9. 96.5% of the global Resource is contained within two domains (Mid and Lower).
10. The September 2008 Resource used a 2.5% ZnEq grade as a cut-off within the 1% Pb+Zn mineralisation outline. In line with the limited scope for selective extraction in the block cave method of mining a new approach has been used for the November 2009 estimate. Measured and Indicated Resource outlines were defined (based on the appropriate drill spacing) and polygons determined on a 2.5% ZnEq (bulk and carry) cut-off. All material contained within these polygons, including the internal waste, is reported in the respective Resource and no further cut-off is applied. The Inferred Resource is quoted on a 2.5% cut-off within the 1% Pb+Zn outline as previously.



11. The zinc equivalence formula is based on a review of analysts' predicted long term average metal prices as at November 2009 and metal recoveries used in the Prefeasibility Study.

$$\% ZnEq = \% Zn + 0.591 \times \% Pb$$

Metal Prices (USD): Zn 1,764; Pb 1,323

Metal Recoveries: Zn 88%; Pb 62%

12. The September 2008 Resource gave an average bulk density of 2.44t/m³. An additional 1,220 density measurements were available for the new estimate (total 5,006) and despite this the average density remains unchanged. A default value of 2.4t/m³ was used for non-estimated blocks. A total of 98% of block densities are derived from measured values. The correction of 2% made to the density in the September 2008 model to account for incomplete drying was retained for the new estimate.
13. As per the 2008 Resource, estimation is by Ordinary Kriging on 10x10x10m parent blocks (with sub-blocking to 5x5x5m) and the variography developed by Golder Associates is unchanged.

Figure 4 shows a north south cross section with the distribution of Indicated and Inferred Resource, geological domains, major faults and diamond drilling.

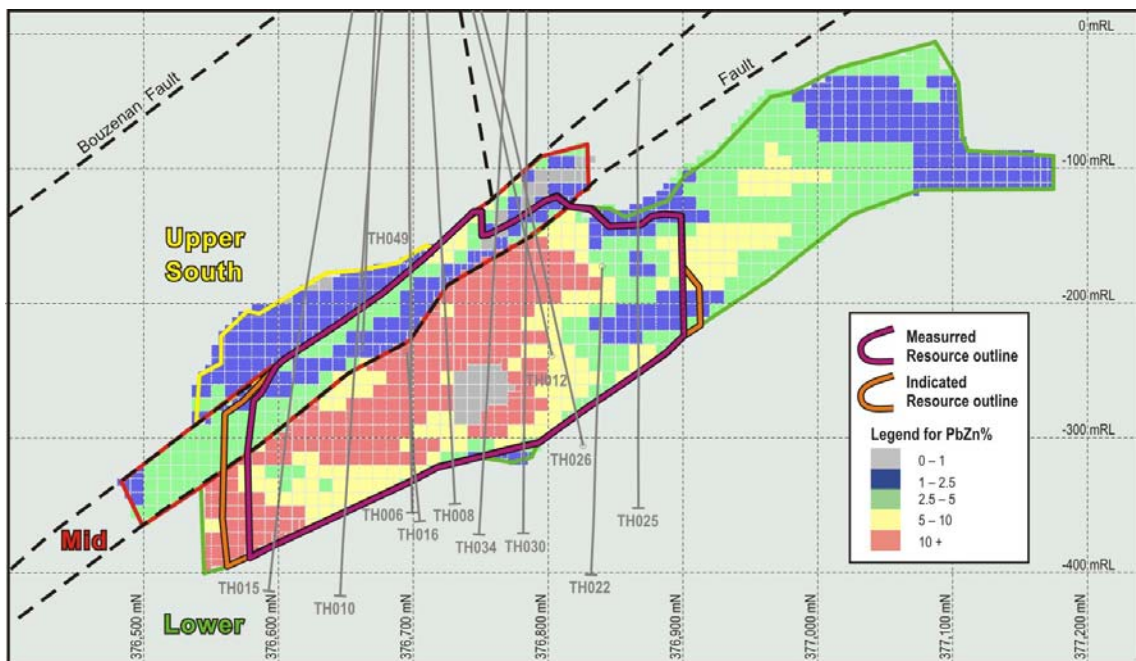


Figure 4: Section at 703975E showing grade distribution and Indicated and Inferred Resource. Blocks are combined Pb+Zn. Geological domains (refer Figure 2) are also shown

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