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18 April 2011

Dear Shareholders

I am pleased to advise that the Terramin will be holding its next Annual General Meeting at 10:30am on Thursday 26 May 2011.

During 2010 Terramin has continued to make significant progress towards becoming a leading base metal producer. Your Company has achieved the following key milestones:

1. Completing the definitive feasibility study on the Tala Hamza deposit and progressing towards a decision to mine by WMZ;
2. Achieving consistent throughput at the Angas zinc Mine to deliver zinc and lead production in line with forecasts;
3. Progressing a regional exploration programme to extend Angas Mine life;
4. Regaining 100% ownership of the Menninnie Dam project and significantly increasing the resource; and
5. Growing the Company's capability at senior management level by recruiting highly skilled professionals required to successfully develop a large scale bulk mine.

Looking forward, in an environment with a shortage of skilled individuals and increased competition in the mining industry for these individuals, it is vital for the development of the Company's projects that it be able to attract, retain and reward its executives, managers and workforce. For this purpose, I recommend that shareholders adopt the Company's long term incentive plan in the form presented in the Notice of Meeting.

To obtain further information about Terramin's activities in 2010, we encourage you to review our 2010 Annual Report which is available on the Company's website at www.terramin.com.au/asx/2010.aspx.

We thank you for your continued support and look forward to reporting to you on your Company's further successes throughout 2011.

Yours sincerely

Dr Kevin Moriarty
Executive Chairman



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Terramin Australia Limited (the Company) will be held at Level 2, Westpac House, 91 King William Street, Adelaide, South Australia at 10.30 am (Adelaide time) on Thursday 26 May 2011. A copy of the Company's 2010 Annual Report can be found on the Company's website at www.terramin.com.au

Please advise us via email to info@terramin.com.au or by calling (08) 8213 1415 if you will be attending.

ORDINARY BUSINESS

1. ANNUAL REPORT AND ACCOUNTS

To receive and consider the Company's Financial Report and reports of the Directors and auditors in respect of the financial year ended 31 December 2010.

2. REMUNERATION REPORT – ORDINARY RESOLUTION 1 (NON-BINDING RESOLUTION)

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That the Company's Remuneration Report for the year ended 31 December 2010 be adopted."

3. RE-ELECTION OF DIRECTORS – ORDINARY RESOLUTIONS 2

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Steven AJ Bonett be re-elected as a Director of the Company."

Mr Bonett retires in accordance with Rule 58 of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election.

SPECIAL BUSINESS

4. APPROVAL OF ORDINARY SHARES AND OPTIONS ISSUED – ORDINARY RESOLUTION 3

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 7.4, the issue of securities, to the persons and on the terms detailed in the accompanying Explanatory Memorandum, is hereby approved."

5. APPROVAL OF ISSUE OF ORDINARY SHARES AND CONVERTIBLE NOTES – ORDINARY RESOLUTION 4

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.1, the issue of:

- (a) a maximum of 7 million ordinary shares in the capital of the Company to Transaminvest S.A. (or its nominee) to raise US\$2,500,000; and*
- (b) 7,500,000 unlisted, unsecured, convertible redeemable notes to Transaminvest S.A. (or its nominee) to raise US\$7,500,000,*

on the terms detailed in the accompanying Explanatory Memorandum are hereby approved."

6. APPROVAL OF CANCELLATION OF OPTIONS – ORDINARY RESOLUTION 5

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 6.23.2 and 6.23.3, and for all other purposes,

approval be given to the cancellation of the following unquoted options over fully paid ordinary shares in the capital of the Company previously issued to and held by Investec Bank (Australia) Limited:

- (a) 4,629,630 options exercisable at \$2.16 per option on or before 21 May 2012; and*
- (b) 3,125,000 options exercisable at \$2.80 per option on or before 15 March 2013."*

7. APPROVAL OF THE ISSUE OF SECURITIES UNDER THE TERRAMIN EMPLOYEE OPTION PLAN – ORDINARY RESOLUTION 6

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purpose of Exception 9(b) of ASX Listing Rule 7.2, and for all other purposes, approval be given to the issue of securities under the Terramin Employee Option Plan as detailed in the accompanying Explanatory Memorandum."

8. APPROVAL OF THE ISSUE OF SECURITIES UNDER THE TERRAMIN LONG TERM INCENTIVE SHARE PLAN – ORDINARY RESOLUTION 7

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purpose of Exception 9(b) of ASX Listing Rule 7.2, and for all other purposes, approval be given to the issue of securities under the Terramin Long Term Incentive Share Plan as detailed in the accompanying Explanatory Memorandum."



Notes

Voting Exclusion Statements

The Company will disregard any votes cast on the following resolutions by the following persons:

Resolution	Person(s) excluded from voting
Resolution 3 – Approval of Ordinary Shares Issued	All persons who participated in the issues listed in the table under Resolution 3 in the Explanatory Memorandum and their associates.
Resolution 4 – Approval of Issue of Ordinary Shares and Convertible Notes	<ul style="list-style-type: none"> • Transaminvest S.A. and any of its associates; and • any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any associate of that person.
Resolution 5 – Approval of Cancellation of Options	Investec Bank (Australia) Limited and any of its associates.
Resolution 6 – Approval of Issue of Securities under the Terramin Employee Option Plan	Any director of the Company except one who is ineligible to participate in any Terramin employee incentive scheme and any associate of those directors.
Resolution 7 – Approval of Issue of Securities under the Terramin Long Term Incentive Share Plan	Any director of the Company except one who is ineligible to participate in any Terramin employee incentive scheme and any associate of those directors.

However, the Company need not disregard a vote:

- if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides; or
- in relation to Resolution 3 and Resolution 4 above (Relevant Resolutions), if it is cast by a person acting solely in a fiduciary, nominee or custodial capacity (Nominee) on behalf of a number of beneficial holders of the Company's shares in circumstances where some of the beneficial owners are excluded from voting in accordance with ASX Listing Rule 14.11 and other beneficial owners who (but for the operation of ASX Listing Rule 14.11 which operates to exclude the Nominees where some but not all beneficial owners are excluded from voting) would otherwise not be excluded from voting under ASX Listing Rule 14.11 (non-excluded beneficial owners). The ASX has granted the Company a waiver from compliance with ASX Listing Rule 14.11 to the extent necessary to enable the Company to count any votes cast on Resolution 3 and Resolution 4 by Nominees on behalf of, and as directed by, non-excluded beneficial owners.

Determination of membership and voting entitlement for the purpose of the meeting:

For the purpose of determining a person's entitlement to vote at the Annual General Meeting, a person will be recognised as a member and the holder of shares in the capital of the Company if that person is registered as a holder of those shares at 7:00pm (Sydney time) on Tuesday 24 May 2011.

Proxies:

- 1 A member entitled to attend and vote is entitled to appoint a person or body corporate as proxy to attend and vote for the member.
- 2 Where the member is entitled to cast two (2) or more votes, the member may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- 3 If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
- 4 A proxy need not be a shareholder of the Company.
- 5 Proxies given by companies must be executed under seal, in accordance with the Corporations Act or under the hand of a duly authorised officer.
- 6 To be effective, a form appointing a proxy and the power of attorney (if any) under which it is signed or an attested copy thereof must be delivered to Computershare Investor Services Pty Limited GPO Box 242 Melbourne Victoria 3001 Australia, or alternatively you can fax your form to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia), not later than 10.30am (Adelaide time) on Tuesday 24 May 2011.
- 7 Custodian Voting – For Intermediary Online subscribers only (Custodians), please visit www.intermediaryonline.com to submit your voting intentions.

A form of proxy accompanies this Notice of Annual General Meeting.

DATED this 18th day of April 2011
BY ORDER OF THE BOARD

Stephane Gauducheau
Company Secretary

EXPLANATORY MEMORANDUM

ANNUAL REPORTS AND ACCOUNTS

Under the Company's Constitution, the business of an Annual General Meeting must include the receipt and consideration of the accounts and reports required by law for the past financial year. The meeting provides a forum for shareholders to ask questions on the reports and accounts.

RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING VOTE)

The Company's Annual Report for the financial year ended 31 December 2010 contains a Remuneration Report (within the Directors' Report) which sets out the remuneration policy and practices of the Company and reports on the remuneration arrangements in place for the Company's Directors and Specified Executives. Shareholders will have an opportunity at the meeting to comment on and ask questions regarding the Remuneration Report.

Pursuant to section 250R of the Corporations Act 2001 (Cth), the vote on the proposed Resolution in Item 2 of the Notice of Annual General Meeting is advisory only and will not bind the Directors or the Company. The Board will, however, take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

RESOLUTIONS 2 – RE-ELECTION OF STEVEN AJ BONETT

In accordance with Rule 58 of the Company's Constitution and the provisions of ASX Listing Rule 14.4, Directors are required to retire from office by the later to occur of the conclusion of the third Annual General Meeting after which the Director was elected or re-elected, or the third anniversary of the Director's appointment or re-election. This year it is the turn of Mr Steven Bonett to retire in accordance with this Rule. Being eligible, Mr Bonett offers himself for re-election at the Annual General Meeting. Information regarding Mr Bonett follows:

Mr Steven AJ Bonett BComm, LLB(Hons)

Mr Bonett is a corporate lawyer and company director, holding degrees in Commerce and Law. He is a former partner of Finlaysons Lawyers and in that role, led several major transactions in Australia and overseas. He is currently a consultant to Adelaide commercial law firm Kelly & Co. Lawyers and a director of numerous companies in the Precision Group, a national property, finance and investment group. He is recognized as

an expert in the field of corporate and commercial law, mergers and acquisitions and corporate governance. He has also served on the boards of not-for-profit organizations including, most recently, The Queen Elizabeth Hospital Research Foundation. Mr Bonett is Chair of the Company's Nominations & Remuneration Committee and a member of the Audit Committee.

RESOLUTION 3 – APPROVAL OF ORDINARY SHARES AND OPTIONS ISSUED

ASX Listing Rule 7.1 requires the Company to obtain shareholder approval if it issues, or agrees to issue, securities in the capital of the Company in any 12 month period that aggregate more than 15% in number of the existing ordinary shares in the capital of the Company (**15% Rule**).

ASX Listing Rule 7.4 further provides that an issue of securities that did not breach ASX Listing Rule 7.1 at the time of issue and made without shareholder approval is treated as having been made with approval if the Company's shareholders subsequently approve the issue. This has the effect of allowing securities issued (or the securities issued upon conversion of convertible securities) and subsequently approved, not to be counted when calculating the number of securities issued in the 12 month period for the purposes of the 15% Rule.

Approval from shareholders is therefore sought pursuant to ASX Listing Rule 7.4 to the issue of the 11,496,599 ordinary shares and 1,800,000 options set out in the table below, in order to renew the Company's capacity to issue up to 15% of the securities of the Company on issue in a 12 month period.

The Company provides the following information in accordance with ASX Listing Rule 7.5.

Person(s) to whom securities were issued	Number Issued	Terms
JP Morgan Metals & Concentrates LLC (formerly RBS Sempra Metals & Concentrates LLC)	528,788 fully paid ordinary shares	<p>Dates of Issue 18 May 2010 and 24 November 2010</p> <p>Terms Shares issued on 18 May 2010 were issued at a price of \$0.7506 per share. Shares issued on 24 November 2010 were issued at a price of \$0.4651 per share. Shares rank pari passu with existing fully paid ordinary shares in the capital of the Company. In both instances, funds raised were used to satisfy interest due on convertible notes on issue to JP Morgan Metals & Concentrates LLC (formerly RBS Sempra Metals & Concentrates LLC).</p>
Investec Bank (Australia) Limited	1,800,000 unlisted options over fully paid ordinary shares	<p>Date of Issue 31 August 2010</p> <p>Terms Exercise price of \$1.00 per option. Options vested immediately upon issue. Expiry date of 31 August 2013. Options issued as part of the restructure of an existing debt facility.</p>
Bond Street Custodians Limited	389,414 fully paid ordinary shares	<p>Date of Issue 8 September 2010</p> <p>Terms Shares were issued at a price of \$0.5068 per share. Shares rank pari passu with existing fully paid ordinary shares in the capital of the Company. Funds raised were used to satisfy interest due on 2,263,529 convertible notes on issue to Bond Street Custodians Limited.</p>
91 Eligible Employees	169,749 fully paid ordinary shares	<p>Date of Issue 10 September 2010</p> <p>Terms Issued for no consideration pursuant to the terms of the Terramin Australia Limited Exempt Employee Share Plan. The shares rank pari passu with existing fully paid ordinary shares in the capital of the Company.</p>



Person(s) to whom securities were issued	Number Issued	Terms
Transaminvest S.A.	241,126 fully paid ordinary shares	<p>Date of Issue 22 September 2010</p> <p>Terms Shares were issued at a price of \$0.5048 per share. Shares rank pari passu with existing fully paid ordinary shares in the capital of the Company. Funds raised were used to satisfy interest due on 10,000,000 convertible notes on issue to Transaminvest S.A.</p>
China Non-Ferrous Metals Industry's Foreign Engineering and Construction Co., Ltd (NFC)	10,000,000 fully paid ordinary shares	<p>Date of Issue 4 March 2011</p> <p>Terms Shares were issued at a price of \$0.62 per share. Shares rank pari passu with existing fully paid ordinary shares in the capital of the Company. Shares issued pursuant to the terms of a Subscription Agreement between the Company and NFC.</p>
Mr Robert Howie, Angas Mine General Manager	167,522 fully paid ordinary shares	<p>Date of Issue 7 April 2011</p> <p>Terms Shares were issued at a price of \$0.36 per share. Shares rank pari passu with existing fully paid ordinary shares in the capital of the Company. Shares issued pursuant to the terms of the employment agreement of Mr Howie</p>

- the issue of the Convertible Notes is conditional upon the Company's Board making a decision to mine in respect of the Tala Hamza Project;
- each Convertible Note will have a face value of US\$1.00;
- each Convertible Note will have an issue price of US\$1.00;
- the maturity date will be 5 years from the date of issue;
- interest will be payable by the Company in cash or an equivalent number of ordinary shares (at the option of the Company) at commercial rates. The number of shares issued in payment of interest will be calculated using the volume weighted average price of the Company's shares on the ASX (VWAP) over the 5 trading days immediately preceding the due date for the payment of interest;
- the Convertible Notes are convertible at any time in parcels of not less than 100,000 by the Company issuing its shares plus the payment of any accrued interest in cash or shares;
- subject to the expiration of 12 months from the date of issue of the Convertible Notes, Transamine may convert the Convertible Notes if the 15-day VWAP for the Company's shares exceeds \$1.70;
- any shares issued on conversion of the Convertible Notes will rank pari passu with existing shares in the capital of the Company from the date of issue;
- in the event of non-conversion by the maturity date the Convertible Notes shall be redeemed for cash;
- the conversion price of the Convertible Notes shall be the VWAP on the ASX over the 5 trading days immediately preceding the conversion date; and
- the Convertible Notes shall be unsecured obligations of the Company and rank behind secured creditors, but ahead of shareholders.

The Company provides the following information in relation to the ordinary shares in accordance with ASX Listing Rule 7.3:

- the number of shares to be issued will be determined with reference to the VWAP of the Company's shares over the 5 trading days immediately preceding the date of issue; and
- the shares will be fully paid ordinary shares in the capital of the Company and rank equally with the Company's existing issued shares.

RESOLUTION 4 – APPROVAL OF ISSUE OF ORDINARY SHARES & CONVERTIBLE NOTES

At the Company's 2010 Annual General Meeting, shareholders approved the issue of up to US\$2,500,000 worth of ordinary shares and 7,500,000 unlisted unsecured convertible redeemable securities (**Convertible Notes**) to Transaminvest S.A. (or its nominee) (**Transamine**) in order to raise a total of US\$10,000,000, which funds would be used to fund the development of the Company's Tala Hamza Project, and for working capital requirements. The issue of these securities was conditional upon the Company's Board making a decision to mine with respect to its flagship Tala Hamza Project, at the time expected to occur prior to the Company's 2011 AGM.

The approval obtained at the Company's 2010 AGM was given on the basis that the ordinary shares and Convertible Notes proposed to be issued to Transamine would be issued no later than the date of the Company's AGM in 2011. A waiver was sought from, and granted by, the ASX to enable the Company to issue the relevant securities in respect of which shareholder approval was obtained on a date more than 3 months after the date of the 2010 AGM.

Shareholders would be aware that the Company has now completed the Definitive Feasibility Study (**DFS**) regarding the Tala Hamza Project and that the DFS and the extensive technical information upon which it is based are now in the process of being reviewed by the Company's Algerian Government-owned partners. While this process is ongoing, it is not possible for the Company's Board to make a final decision to mine in respect of the Tala Hamza Project, and therefore be in a position to issue the relevant ordinary shares and Convertible Notes to Transamine prior to the date of the Company's 2011 AGM. It is currently anticipated that this review process will be completed, and that a decision to mine will be taken, prior to the Company's AGM in 2012.

In the circumstances, the Company seeks to refresh the approval given by shareholders at the Company's 2010 AGM for the purposes of ASX Listing Rule 7.1, namely the approval of shareholders for the proposed issue of Convertible Notes and ordinary shares to Transamine (or its nominee).

The Company provides the following information in relation to the Convertible Notes in accordance with ASX Listing Rule 7.3:

The funds raised by way of the issue of the Convertible Notes and ordinary shares will be used to fund the development of the Company's Tala Hamza Project and for working capital requirements.

The exact number of shares that will ultimately be issued pursuant to this approval and upon conversion of the Convertible Notes will vary subject to fluctuations in the Company's share price and the USD/AUD exchange rate. However as the shares issued upon conversion of the Convertible Notes will be issued at the market price for the Company's shares prevailing at the time of issue, there is expected to be no economic dilution of existing shareholders as a result of these issues.

In addition, with respect to the issue of ordinary shares for which approval is now sought, given that the maximum number of shares able to be issued if approval is obtained will be 7 million, and based on the Company's current issued capital of 177,315,574 ordinary shares, the issue of 7 million new shares to Transamine would have the effect of increasing the Company's total issued capital by approximately 3.95%.

There are a range of factors which may affect the Company's ability to make a decision to mine with respect to the Tala Hamza Project, thereby triggering its obligation to issue the Convertible Notes and ordinary shares to Transamine. By way of example, these factors include potential delays in the grant of necessary approvals such as mining permits by relevant government authorities.

Subject to a decision to mine being made, the Convertible Notes and shares will be issued no later than the Company's 2012 AGM. In this regard, the Company notes that it has obtained a waiver from the ASX to allow the securities referred to in this Resolution 4 to be issued at a date more than 3 months after the date of the 2011 AGM. The Company undertakes to suspend the proposed issue of Convertible Notes and ordinary shares pursuant to the approval sought from shareholders in the event that work programs for the Tala Hamza Project, or the project itself, change materially, for example a decision to mine is not taken.

RESOLUTION 5 - APPROVAL OF CANCELLATION OF OPTIONS

On 23 May 2007, the Company announced to the market that it had completed a financing arrangement with Investec Bank (Australia) Limited (Investec). As a part of this financing arrangement, the Company agreed to issue 4,629,630 options over fully paid shares in the Company to Investec, with an exercise price of \$2.16 per option, expiring on 21 May 2012.

On 16 September 2008, the Company announced that it had restructured its financing arrangements with Investec. As part of the transaction, the Company issued a further 3,125,000 options over fully paid ordinary shares in the Company to Investec, with an exercise price of \$2.80 per option, expiring on 15 March 2013 (together with the options expiring on 21 May 2012, the Existing Options).

On 31 August 2010, the Company announced that it had further restructured the repayment obligations under its financing arrangements with Investec (2010 Restructure). As a part of the 2010 Restructure, the Company issued 1,800,000 unlisted options over fully paid ordinary shares in the Company to Investec with an exercise price of \$1.00 per option, expiring on 31 August 2013 (New Options).

In addition to the issue of the New Options, the Company and Investec agreed to effect the cancellation of the Existing Options if the following conditions were met:

- (a) ASX grants a waiver allowing the cancellation of the Existing Options; and
- (b) If required as a condition to the waiver referred to above, or if required by the Listing Rules of the ASX, the Company's shareholders approve the cancellation of the Existing Options at the Company's AGM.

ASX Listing Rule 6.23.2 provides that a change affecting an option which has the effect of cancelling an option for consideration can only be made if holders of ordinary securities approve the change. A change which has the effect of cancelling an option in consideration of the issue of a new option may, in addition to requiring approval under ASX Listing Rule 6.23.2, also be a change which is prohibited by ASX Listing Rule 6.23.3. ASX Listing Rule 6.23.3 states that a change which has

the effect of reducing the exercise price, increasing the period for exercise or increasing the number of securities received on exercise cannot be made. ASX Listing Rule 6.23.3 does not provide for shareholder approval to be obtained to permit a change which would otherwise be prohibited by the rule.

Because the cancellation of the Existing Options is contemplated (though not required by) the terms of the 2010 Restructure (being the transaction pursuant to which the New Options were also issued), the cancellation could be considered by ASX for the purposes of ASX Listing Rule 6.23.3 to be a change which has the effect of reducing the exercise price and increasing the period of exercise of the Existing Options. In determining whether ASX Listing Rule 6.23.2 or 6.23.3 applies, ASX Listing Rule 6.23.5 provides that separate transactions will be aggregated if, in ASX's opinion, they form part of the same commercial transaction.

The Company considers that it is in the best interests of shareholders generally that the Existing Options be cancelled. In particular:

- the Existing Options are significantly out of the money having reference to the current market price for the Company's shares and are therefore unlikely to be exercised by Investec prior to their expiry dates in 2012 and 2013;
- the Existing Options currently represent 4.37% of the issued capital of the Company on an undiluted basis, and 3.5% of its issued capital on a fully diluted basis; and
- as a result of the factors outlined above, the Existing Options represent an "overhang" of share capital and imply a dilutionary impact on the interests of the Company's ordinary shareholders which is, in fact, unlikely to be realised.

As a result, the Board takes the view that the Company's ordinary shareholders would, on balance, be advantaged by the proposed cancellation of the Existing Options,

The Company has obtained a waiver from the ASX in relation to ASX Listing Rule 6.23.3 in order to permit it to seek the approval of its shareholders for the cancellation of the Existing Options as contemplated by the terms of the 2010 Restructure. If approval is granted, the Existing Options will be cancelled as soon as practical following the Company's 2011 AGM.



RESOLUTION 6 - APPROVAL OF THE ISSUE OF SECURITIES UNDER THE TERRAMIN EMPLOYEE OPTION PLAN

Shareholders approved the issue of securities under the Terramin Employee Option Plan (Option Plan) at the Company's AGM in 2008.

ASX Listing Rule 7.1 requires the Company to obtain shareholder approval if it issues, or agrees to issue, securities in the capital of the Company in any 12 month period that aggregate more than 15% in number of the existing ordinary shares in the capital of the Company. When calculating the number of securities which have been issued in any 12 month period for the purpose of ASX Listing Rule 7.1, a company need not count securities issued pursuant to an exception under ASX Listing Rule 7.2.

Exception 9 of ASX Listing Rule 7.2 provides that an issue of securities under an employee incentive scheme is an exception to ASX Listing Rule 7.1 if, within 3 years before the date of issue, shareholders approved the issue of securities under the scheme.

The Company now seeks to "refresh" the approval obtained at the Company's 2008 AGM to enable issues of options under the Option Plan made over the next 3 years to be excluded from any calculations made for the purpose of ASX Listing Rule 7.1. If approval is not given, the Company may still issue options under the terms of the Option Plan, however these issues will be taken into account when determining whether the Company has reached the limit for new issues set by ASX Listing Rule 7.1.

For the purposes of Exception 9 of ASX Listing Rule 7.2, the Company confirms that:

- since the Option Plan was approved at the Company's 2008 AGM, 2,945,000 options have been issued pursuant to its terms. Of these options none have been exercised and 1,150,000 have been forfeited or cancelled. As at the date of this Notice of Meeting, 1,795,000 options which were issued under the Option Plan remain outstanding; and
- set out below is a summary of the key terms of the Option Plan. These terms remain unchanged since the Option Plan was approved by shareholders in 2008.

A copy of the full terms of the Option Plan can be obtained without charge by request in writing to:

Mr Stephane Gauducheau
Company Secretary
Terramin Australia Limited
Level 22, 91 King William Street
ADELAIDE SA 5000

Summary of Key Terms of the Option Plan

1. Grant of Options

The Board may invite an "Eligible Employee" to participate in the Option Plan and apply for options (Options) to subscribe for fully paid ordinary shares in the capital of the Company (Shares). The invitation will specify, amongst other things, the following matters which will be determined by the Board:

- number of Options available to the Eligible Employee;
- any fee which is payable by the Eligible Employee on applying for Options;
- price payable per Share on exercising the Options (i.e. the exercise price);
- period in which the Options can be exercised (i.e. the exercise period); and
- any performance, vesting or other criteria that must be satisfied before the Options can be exercised (i.e. relevant requirements).

An "Eligible Employee" means the following persons whom the Board determines to be eligible to participate in the Option Plan:

- a permanent full-time or permanent part-time employee; or
- a director,

of the Company or an associated company.

Following receipt by an Eligible Employee of an invitation, the Eligible Employee may apply for Options by completing an application form. Following receipt of an application form, the Company may grant the Options to the Eligible Employee, who will become a "Participant" of the Option Plan.

2. Option limits

No Option may be offered under the Option Plan if to do so would contravene the Corporations Act 2001 (Cth), the ASX Listing Rules or instruments of relief issued by the Australian Securities and Investments Commission relating to employee share schemes.

3. Option terms

Subject to the ASX Listing Rules, unless otherwise determined by the Board, each Option is granted on the terms set out below.

a. Entitlement

Each Option entitles the Participant, on exercise of the Option, to subscribe for and be issued one Share at the exercise price.

Shares issued on the exercise of Options will rank equally with existing Shares from the date of issue.

b. Exercise of Options

Subject to the satisfaction of any relevant requirements, an Option which has not lapsed is exercisable during the exercise period.

c. Lapse of Options

An Option will lapse on the earliest of the date that:

- is the end of the exercise period;
- the Board determines that the Eligible Employee has, in the Board's opinion:
 - been dismissed with cause;
 - committed any act of fraud, theft or gross misconduct in relation to the affairs of the Company; or
 - brought the Company into disrepute;
- the Board determines that any relevant requirement cannot be satisfied; and
- the Board determines that a breach or occurrence of any condition or event contained in the invitation requires the lapse of the Options.

d. Dealing

Participants must not assign, transfer, sell, encumber or otherwise deal with an Option.

e. Quotation

Options will not be quoted on ASX. The Company will make an application to ASX for quotation of Shares issued on the exercise of Options if other Shares are quoted on ASX at that time.

f. Reconstruction of capital

In the event of any reorganisation of the issued share capital of the Company, the rights attaching to Options must be changed to comply with the ASX Listing Rules applying to that reorganisation.

g. New Issue of Shares

Participants will not be entitled to participate in any new issue of Shares as a result of holding Options unless they have become entitled to exercise their Options under the Option Plan and do so prior to the record date for the determination of entitlements to the new issue and participate as a result of being a holder of Shares.

h. Other Securities

If the Company offers shareholders other securities, the Board will determine whether the other securities are to be offered to Participants on the exercise of Options or whether any other equivalent securities, interest or rights will be offered to them if the other securities are not available, and the basis thereof, to the intent that on the exercise of Options the Participants will be treated whenever possible as if they were shareholders at the date that the Options are granted to the Participant.

4. Amendment to the Rules

The Board may amend the Rules. However, except in certain circumstances, if any amendment reduces any of the Participant's rights in respect of their Options, the Board must obtain the prior written consent of at least 75% of the Participants affected by the proposed change.

5. Termination and Suspension of the Option Plan

The Board may suspend or terminate the Option Plan at any time.

RESOLUTION 7 - APPROVAL OF THE ISSUE OF SECURITIES UNDER THE TERRAMIN LONG TERM INCENTIVE SHARE PLAN

The Board has recently established the Terramin Long Term Incentive Share Plan (Share Plan). As for the Option Plan, the purpose of the Share Plan is to provide employees of the Company (in particular senior managers and executives) with an opportunity to acquire a financial interest in the Company, which will align their interests more closely with those of shareholders and provide greater incentive for them to focus on the Company's longer-term goals. The Directors consider that the Share Plan will assist the Company in attracting and retaining high quality executives.

The Share Plan will operate in addition to the Option Plan. The Directors consider that the establishment of the Share Plan is beneficial for the Company in that:

- in light of the ongoing uncertainty surrounding the taxation of share options, the Share Plan provides the Company and its executives greater certainty of outcomes in the context of negotiating and structuring remuneration arrangements; and
- moving forward, the availability of two alternative long term incentive plans will give the Company increased flexibility in offering incentives to its key managers and consultants, who may prefer, for personal reasons (e.g. taxation or other financial considerations), to receive shares instead of options as a part of any overall remuneration package.

As outlined in relation to the approval sought under Resolution 6, Exception 9 to ASX Listing Rule 7.2 provides that where an issue of securities under the terms of an employee incentive scheme has been approved by shareholders within the last 3 years, that issue may be disregarded by the Company when calculating its compliance with the 15% issue threshold set out in ASX Listing Rule 7.1.

Accordingly, shareholder approval for the issue of securities under the Share Plan is being sought for the purposes of Exception 9 of ASX Listing Rule 7.2.

For the purposes of Exception 9 of ASX Listing Rule 7.2, the Company confirms that:

- as the Share Plan has recently been established, no securities have previously been issued under it; and
- set out below is a summary of the key terms of the Share Plan.

A copy of the full terms of the Share Plan can be obtained without charge by request in writing to:

Mr Stephane Gauducheau
Company Secretary
Terramin Australia Limited
Level 22, 91 King William Street
ADELAIDE SA 5000

Summary of Key Terms of the Share Plan**1. Grant of Performance Rights**

The Board may invite an "Eligible Employee" to participate in the Share Plan and apply for performance rights (Performance Rights) entitling the holders (subject to performance conditions) to be issued with fully paid ordinary shares in the capital of the Company (Shares).

The invitation will specify, amongst other things, the following matters which will be determined by the Board:

- number of Performance Rights available to the Eligible Employee;
- the performance criteria that must be satisfied before the Performance Rights can be converted into Shares (Performance Criteria); and
- the performance period in which the Performance Criteria must be satisfied (Performance Period).

An "Eligible Employee" means the following persons whom the Board determines to be eligible to participate in the Share Plan:

- a permanent full-time or permanent part-time employee of the Company or an associated company;
- a person who provides services to the Company or an associated company; or
- a director of the Company or an associated company;

but does not include any person where that person either directly or indirectly holds or control, or would hold or control as a result of any further acquisition of shares or rights in the Company under the Plan, 5% or more of the issued capital of the Company (including the voting rights that relate to those shares).

Following receipt by an Eligible Employee of an invitation, the Eligible Employee may apply for Performance Rights by completing an application form. Following receipt of an application form, the Company may grant the Performance Rights to the Eligible Employee, who will become a "Participant" of the Share Plan.



2. Performance Right and Share limits

No Performance Right or Share may be issued under the Share Plan if to do so would contravene the Corporations Act 2001 (Cth), the ASX Listing Rules or instruments of relief issued by the Australian Securities and Investments Commission relating to employee share schemes.

3. Performance Right terms

Subject to the ASX Listing Rules, unless otherwise determined by the Board, each Performance Right is granted on the terms set out below.

a. Entitlement

Each Performance Right entitles the Participant, on satisfaction of the Performance Criteria during the Performance Period, to be issued with one Share for no consideration.

Shares issued under a Performance Right will rank equally with existing Shares from the date of issue.

b. Performance Criteria and Vesting

The Performance Criteria will be determined by the Board in its discretion and notified to the Eligible Employees at the time they receive their invitation.

c. Dealing

Participants must not assign, transfer, sell, encumber or otherwise deal with a Performance Right.

d. Quotation

Performance Rights will not be quoted on ASX. The Company will make an application to ASX for quotation of Shares shortly following their issue.

e. New Issue of Shares

Participants will not be entitled to participate in any new issue of Shares as a result of holding Performance Rights unless they have become entitled to be issued with Shares under their Performance Rights under the Share Plan prior to the record date for the determination of entitlements to the new issue and participate as a result of being a holder of Shares.

f. No Dividends

The Performance Rights do not in themselves entitle Eligible Employees to receive dividends, however, if they become a shareholder upon conversion of Performance Rights they will be eligible to receive dividends declared by the Company in respect of any Shares they hold.

g. No Voting

Being a holder of Performance Rights does not confer on Eligible Employees a right to attend and vote at general meetings, however, if they become a shareholder upon conversion of Performance Rights they will be eligible to vote at general meetings in respect of any Shares they hold.

4. Amendment to the rules of the Share Plan

The Board may amend the rules of the Share Plan.

5. Termination and Suspension of the Share Plan

The Board may suspend or terminate the Share Plan at any time.



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