



ASX Shareholder Report

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Enquiries on this Report or the Company Business 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

Terramin raises AU\$15.5 million through placement

Proceeds will be used to:

- Extend Angas mine life and enhance operating cash flows
- Drill high grade copper and zinc targets on leases around Angas
- Reduce existing debt facility

Terramin Australia Limited (ASX: TZN) today announced completion of a placement to existing and new institutional and sophisticated investors to raise AU\$15.5 million for enhancements to its operating Angas Zinc Mine and the development of its major zinc project in Algeria. Patersons Securities Limited acted as Lead Manager for the placement.

The placement consists of the issue of 19.3 million shares in total, issued at \$0.80 per share, reflecting a 3% discount to the volume weighted average price of the Company's shares on ASX over 30 trading days to 27 October 2009. The issue of shares under the placement falls within the Company's 15% limit available pursuant to ASX Listing Rule 7.1, and does not require shareholder approval.

Terramin's Executive Chairman, Dr Kevin Moriarty said the Company had identified a number of initiatives that could extend Angas mine life and increase near term cash flows following the successful ramp up to full production at the Company's Angas Zinc Mine.

"Angas has exceeded output expectations and halved production costs this year," Dr Moriarty said. "As a large component of Angas' costs are fixed even a modest increase in production output will increase net operating cash flows."

"We want to bring forward development at Angas to ensure strong cash flows that will in turn be applied to the funding of the next stage of the Tala Hamza mine development, which is tracking on time and below current budgets."

"Some capital will be invested in the exploration of shallow high-grade copper and zinc targets on our exploration ground around Angas," he said, "these targets include old mines and prospects that have not been drill tested."

Dr Moriarty added that funds raised will also enable the Company to partially pay down existing bank debt of \$28 million and progress potential acquisition opportunities that meet the Company's investment criteria.

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Angas Zinc Mine – Strathalbyn, South Australia

Since production commenced in July 2008, Angas has exceeded output expectations and halved production costs to US31 cents per pound of payable zinc.

In the first year, 301,000 tonnes of ore were milled at Angas to produce 14,000 tonnes of lead-copper concentrate trucked to the Port Pirie smelter and 36,000 tonnes of zinc concentrate shipped to Asian smelters. Forecast output for 2009 is 16,500-17,500 tonnes of lead-copper concentrate and 43-45,000 tonnes of zinc concentrate.

Tala Hamza Pb-Zn Project – Algeria

The Tala Hamza Zinc Project is situated on the Mediterranean coast of Algeria. Based 15 km 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 Tala Hamza deposit contains a global Indicated and Inferred Resource of 58.6 million tonnes at 6.5% Pb+Zn within which is an Indicated Resource of 24.8 million tonnes at 8.3% Pb+Zn.

The project is 100% owned by Western Mediterranean Zinc Spa (WMZ), a joint venture between Terramin (65%) and two Algerian government-owned companies (35%).

A first stage 2 million tonne per annum (Mtpa) mine producing 209,000 tonnes per annum of zinc concentrate and 43,000 tonnes per annum of lead concentrate has been the subject of a pre-feasibility study. The study identified an initial Probable Reserve of 24.1 million tonnes at 7.6% Pb+Zn for the first stage of the Project. Feasibility studies are underway and include assessment for a larger long life operation.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Robert Singer. The information that relates to Tala Hamza Ore Reserves is based on information compiled by Dr Yi Huang. Both are Members of The Australasian Institute of Mining and Metallurgy. Mr Singer is Chief Geologist and Dr Huang is a full time employee of Golder Associates Pty Ltd. Both have 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 Exploration Results, Mineral Resources or Ore Reserves'. Mr. Singer and Dr Huang consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.