



ASX Shareholder Report

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Terramin is a dedicated
base metals company
focused on developing
zinc mines close to
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Angas fully commissioned and cash flow positive

Highlights

- **Cash flow and production are on track**
- **Angas forecast to be cash positive over next six months**
- **Forecast cash operating costs reduce to about US40c/lb this quarter**
- **No provisional pricing risk on zinc shipments**

Terramin Australia Limited (ASX:TZN) today announced that cash flow and production are on track for the March 2009 quarter, with the commissioning phase at the Angas Zinc Mine now complete.

Angas concentrate sales in the first six months of full production are forecast to generate more than sufficient cash-flows to meet all operating, capital and debt service obligations assuming current commodity prices.

Terramin Australia Executive Chairman Dr Kevin Moriarty said the company confirmed last week the A\$30m debt facility was compliant with all specified Angas cash flow ratios as at 31 December 2008.

"Terramin is in good financial shape with ongoing cash flows from production at Angas. The mine is self sustaining with positive cash flow," Dr Moriarty said.

"We have low debt levels, no refinancing requirements and have deferred principal repayments to later years," he added.

Terramin recently conducted an intensive cost review and production optimisation program that reduced cash operating costs to about US40 cents/lb for the current quarter and throughout 2009.

"With underground development well advanced, the immediate focus is to enhance operational flexibility with access to multiple ore stopes and build surface stockpiles to ensure the mill has sufficient ore feed at all times.

"Our current 2009 budget is to produce 45,700 tonnes of zinc and 16,500 tonnes of lead concentrate, however with improved access we can look to further raise the grade profile and therefore production and cash flow. We will look to update our production guidance at mid-year."

More next page



The company also secured good pricing for its zinc concentrate sales in the second half 2008, realising US81c/lb on over 10,000 tonnes, as terms are fixed two months prior to shipment.

“The lack of provisional pricing risk on our zinc sales is a key advantage for Terramin,” said Dr Moriarty.

Dr Moriarty pointed out that expenditure on the Tala Hamza project, that was a big part of cash outflow in the December quarter, is reducing to minimal holding costs when the pre-feasibility study concludes, “The pre-feasibility report will be delivered soon, so there will not be further expenditure on the project until we conclude negotiations for financing the next stage, as announced this week,” he said.

“We do not envisage any on market capital raising will be required,” he added.



Aerial view of the Angas Zinc Mine