ASX
AUSTRALIAN STOCK EXCHANGE

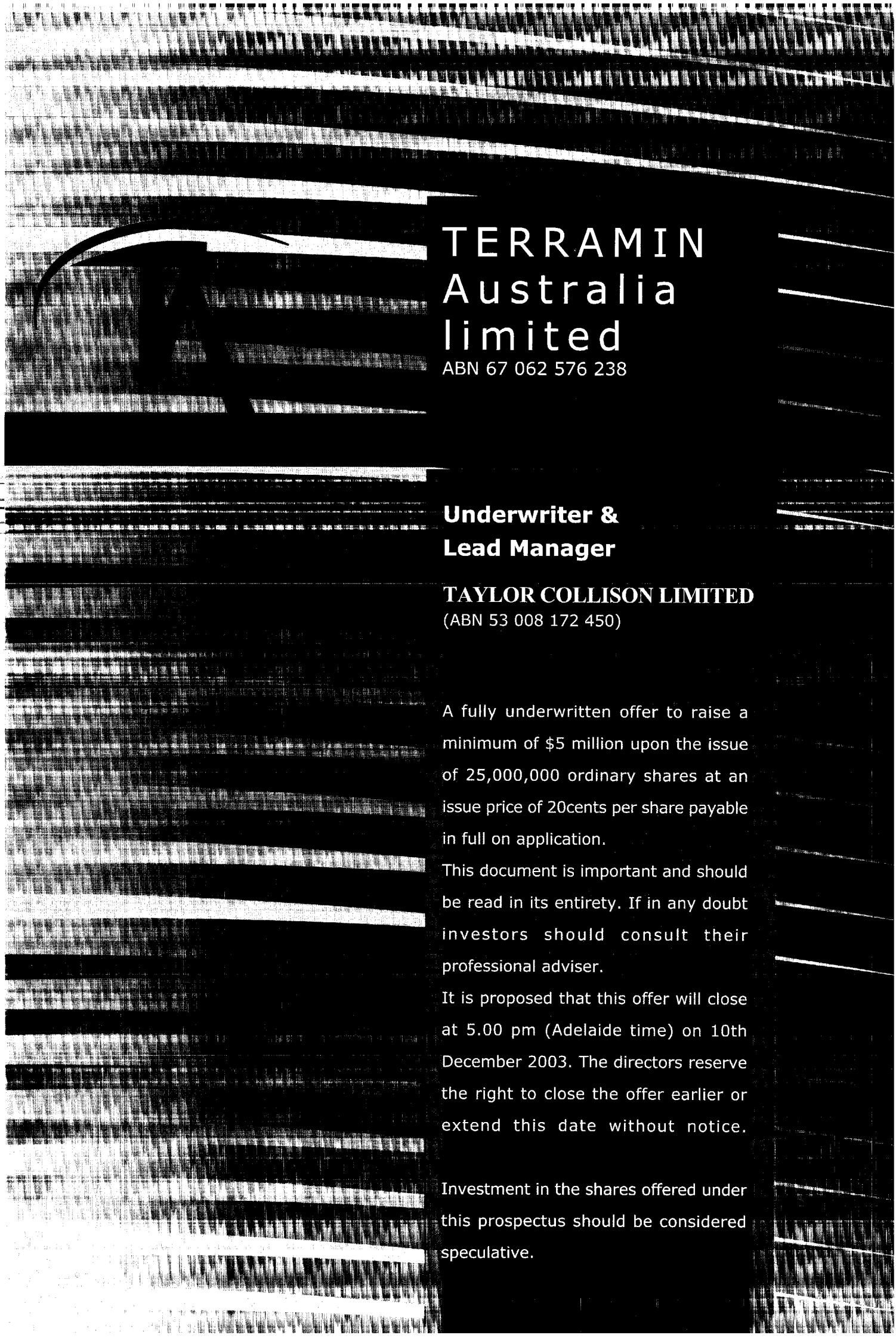
MARKET RELEASE

1 December 2003

Terramin Australia Limited

Terramin Australia Limited has applied for admission to the official list of Australian Stock Exchange Limited and for quotation of its securities. It has been given a provisional ASX code. Provision of an ASX code and publication of the following information does not mean that the entity will be admitted or that its securities will be quoted.

Pam Ross
Manager Company Announcements Office



TERRAMIN Australia limited

ABN 67 062 576 238

Underwriter & Lead Manager

TAYLOR COLLISON LIMITED
(ABN 53 008 172 450)

A fully underwritten offer to raise a minimum of $5 million upon the issue of 25,000,000 ordinary shares at an issue price of 20cents per share payable in full on application.

This document is important and should be read in its entirety. If in any doubt investors should consult their professional adviser.

It is proposed that this offer will close at 5.00 pm (Adelaide time) on 10th December 2003. The directors reserve the right to close the offer earlier or extend this date without notice.

Investment in the shares offered under this prospectus should be considered speculative.

Corporate Directory

Directors

Kevin Moriarty (Executive Chairman)
David Paterson (Director)
Colin Jackson (Executive Director)

Company Secretary

Peter Cox

Registered & Business Office

20A Highfield Avenue
St Georges SA 5063
telephone: 0417 823 654
facsimile: 08 8338 3810

Postal address:
PO Box 24
Fullarton SA 5063

Website: http://www.terramin.com.au

Auditors & Investigating Accountants

KPMG
Chartered Accountants
115 Grenfell Street
Adelaide SA 5000

Solicitors

Finlaysons
81 Flinders Street
Adelaide SA 5000

Independent Experts

Geosurveys Australia Pty Ltd
Consulting Geologists
334 Glen Osmond Road
Myrtle Bank SA 5064

Ore Reserve Evaluation Services
Consulting Geologists
55 Knightsbridge Avenue
Valley View SA 5093

Share Registry

Computershare Investor Service Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000

telephone: 1300 556 161; 08 8236 2300
facsimile: 08 8236 2305

Underwriter to the Issue

Taylor Collison Ltd
2nd Floor, 12 Pirie Street
Adelaide SA 5000

telephone: 08 8212 2688
Facsimile: 08 8231 3506
Email: broker@taylorcollison.com.au

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Chairman's Letter

Dear Investor,

I welcome your interest in Terramin Australia Ltd and, on behalf of the board of directors, invite you to join shareholders who have contributed to the Company's progress over the past ten years.

More than $2 million of shareholders' funds have been leveraged to an aggregate $9 million in project expenditure and focused tenement ownership. These tenements are exclusively in South Australia, and are located in important mineralised regions.

The asset base and business plan have now matured to justify and benefit from an expanded capital base.

The funds raised under this Offer will be directed towards further drilling and the full feasibility into establishing a high grade shallow underground zinc mine at Angas, 60 kms southeast of Adelaide. A combination of innovative geophysical techniques and drilling will also be applied to the Menninnie Dam lead-zinc-precious metals resource located 160 kms west of the lead smelter at Pt. Pirie. Both properties benefit from established road, rail and power infrastructure. The public Listing of the Company's shares will facilitate the acquisition of a 100 per cent interest in both projects.

The Company also owns a land bank of prospective gold and copper-gold properties in regions of proven prospectivity within the Gawler Craton.

The directors, each of whom is resident in South Australia, possess the disciplines and experience necessary to develop Angas into production, to expand the Menninnie Dam lead-zinc resource and to manage a publicly listed company with a vision of organic growth and value creation through exploration.

Yours Sincerely

Kevin Moriarty

Dr Kevin C Moriarty
Chairman

Prospectus *2003*

Investment Overview

Investors should read this Prospectus in its entirety before making any investment decision regarding Terramin.

Terramin Australia has acquired two high grade advanced zinc projects, the Angas zinc project and Menninnie Dam, the largest lead-zinc-silver deposit in South Australia.

... This public offer facilitates acquisition of a 100 per cent interest in both projects.

Previous expenditure by Terramin, including drilling, at Angas has progressed the project to advanced status, defining a resource of 930,000 tonnes at 20 per cent zinc-equivalent. Recent work using the MIMDAS system has clearly identified the potential for expansion of this resource.

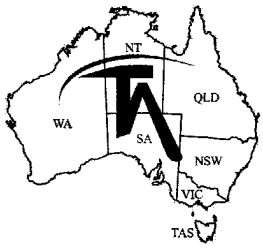
... This public offer will finance the immediate follow-up drilling on the property and commencement of a full feasibility study into the development of a high grade shallow underground mine.

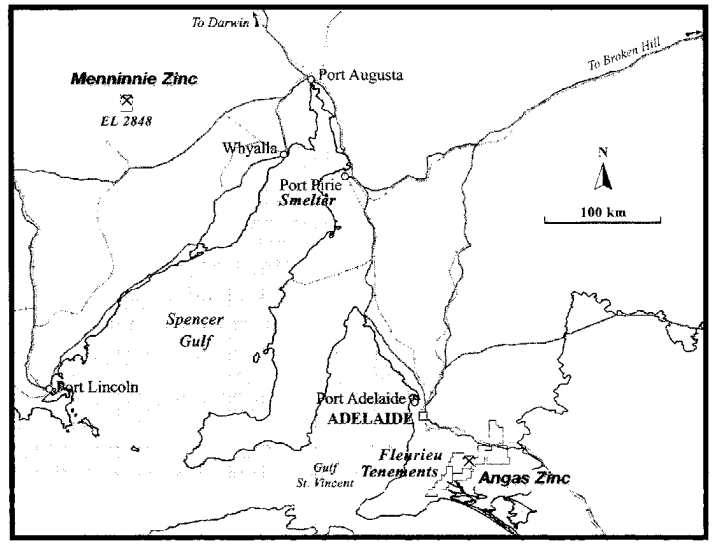
Menninnie Dam deposit is defined by extensive high grade drill intersections. No exploration has been conducted for ten years.

... This public offer will finance both modern interpretative analysis and latest geophysical techniques prior to drill targeting the substantial resource.

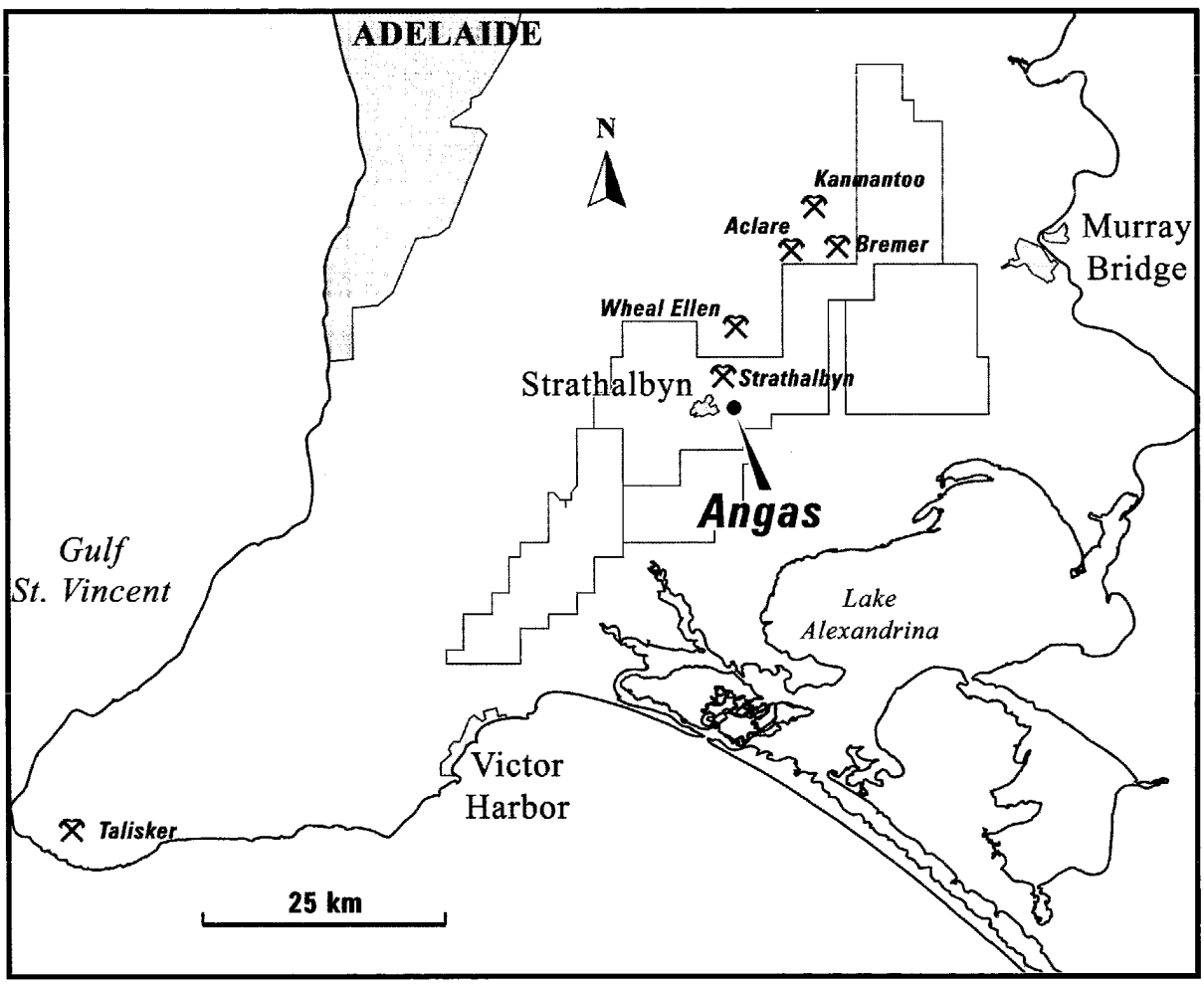
The Company has recorded recent expenditures on a number of prospective gold, and copper-gold tenements in the Gawler Craton. These are to be joint ventured.

Tenement Locations





Terramin's zinc-lead-silver projects are close to infrastructure and smelter (right). The Angas zinc project is located on a mining trend (below). The Fleurieu tenements (yellow) surround the project.



The Company also has tenements in the Gawler Craton – these are described in the report of the Independent Geologist in Section 6 of this Prospectus.

COMPANY DEVELOPMENT AND STRATEGY

Terramin focuses on investment in advanced mineral projects with early cash flow potential. Exploration has been mainly funded through joint ventures. The Company seeks to define high grade ore bodies within larger deposits using state of the art techniques as grade is a key factor in ensuring profitability for a mining operation.

In 1997 Terramin obtained a majority interest in a known prospective area –Fleurieu– along the G2 corridor east of Adelaide. The tenements included the Angas Pb-Zn-Ag resource. Terramin expended $0.9 million to double the resources and, importantly, double the grade. It also identified a further 4 million tonnes of high-grade potential which is included in the current exploration programme to take the project to feasibility.

Terramin has been successful in applying innovative geophysical techniques to define the location of metal resources at the Angas prospect. It continues to apply these to develop and explore the Fleurieu area and its recent acquisition, Menninnie Dam, South Australia's largest Pb-Zn-Ag deposit.

By expending another $1.1 million Terramin can confirm a 60% interest in the Fleurieu/Angas and Menninnie Dam Zn-Pb-Ag projects. Western Metals has also granted Terramin a call option to acquire 100% of both interests for shares and a royalty from production. Details are set out in Section 10.1 of this Prospectus.

Terramin also has active mine feasibility and exploration projects in the G2 corridor southeast of Adelaide. The Fleurieu area contains numerous geophysical anomalies prospective for ore bodies. Substantial mines have operated in the area and Terramin is exploring for more.

The 2001 Prominent Hill copper and gold discovery by Minotaur Resources Ltd on the Mt Woods tenements is significant because it shows that the region is prospective for gold and large polymetallic ore bodies in various rock types.

New geophysical methods now provide better guides to location of volcanic vents and associated mineralisation, often on previously explored areas like Mt Woods. Terramin has two tenements west of Prominent Hill on the same structure bounding the southern Mt Woods Inlier and also on the Olympic Dam corridor. These tenements are on the eastern side of the Challenger gold structure, with similar geological features. Extensive sampling and gravity surveys define significant targets.

A brief summary of the major projects is provided below. For a detailed review of all tenements we recommend investors read the independent geological reports in Sections 5 and 6 of this Prospectus.

ANGAS ZINC PROJECT

The Angas zinc project and three exploration licences are located in the G2 corridor only 60 kilometres southeast of Adelaide. The project areas contain numerous geophysical anomalies prospective for base and precious metal ore bodies located mainly on freehold land over which native title has been extinguished.

$4 million of expenditure by the joint venturers has defined resources of 930,000 tonnes grading 20% zinc equivalent in the Angas prospect. These resources occur within an envelope of 4 million tonnes of zinc mineralisation defined by drill results and geophysics.

Recently a MIMDAS survey, which showed significant response over the defined resources, gave a similar response over the drill-defined prospective zones (see figure on page 7), indicating the presence of sulphide mineralisation.

Modelling has predicted that a detailed survey could define the location of massive sulphide shoots before drilling, thus providing lower cost targeted exploration.

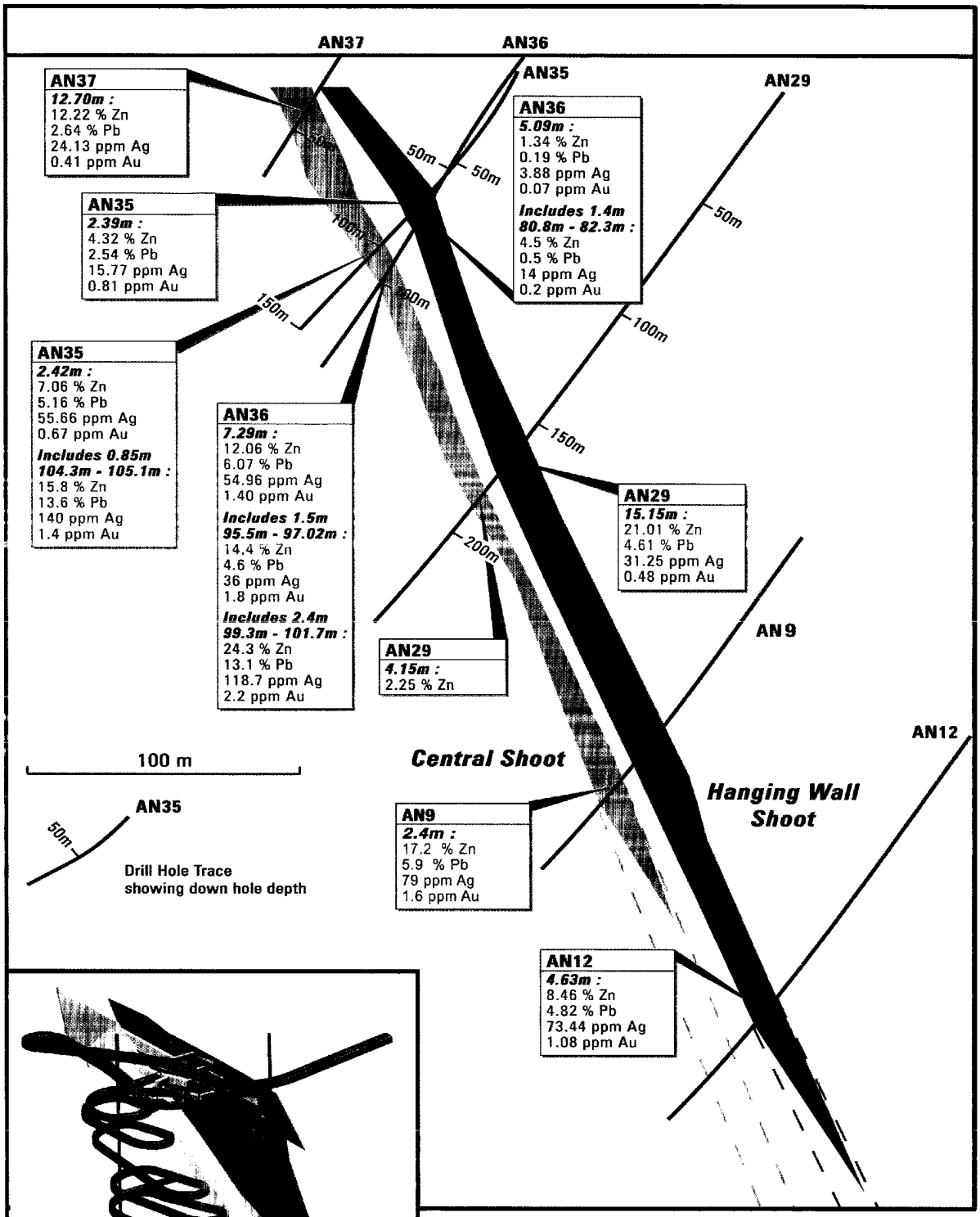
Pre-feasibility mining studies on the Rankine resource (see diagram on page 5) predicted a net project surplus. Mineralisation intersected by drill holes in the vicinity of the Rankine deposit holds potential for significantly increasing resources and cash flows. Downhole electrical surveys also detected this mineralisation.

Accordingly, Terramin will conduct a drill program to expand the deposit with the aim of defining more than 2 million tonnes of high grade resource before proceeding with a bankable feasibility study.

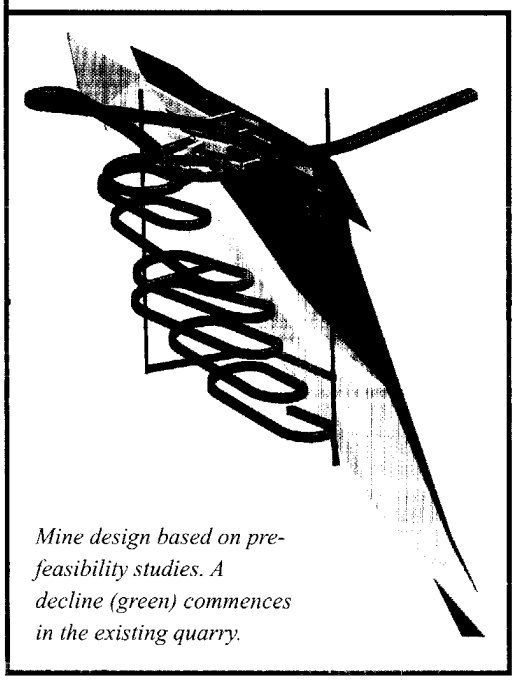
Angas is, on the basis of tonnes of contained metal, the largest deposit in the region -exceeding the well known Kanmantoo copper mine which had a pre-mining resource of 12 million tonnes at 1% Cu, five kilometres outside the tenements.

In addition, the prospective trend north and south of the Angas resource has not yet been tested; drill targets on the scale of the Angas deposits have been identified under many old untested workings such as the Strathalbyn mine only 2 kilometres north of Angas. There is potential for an extended mining operation in the area.

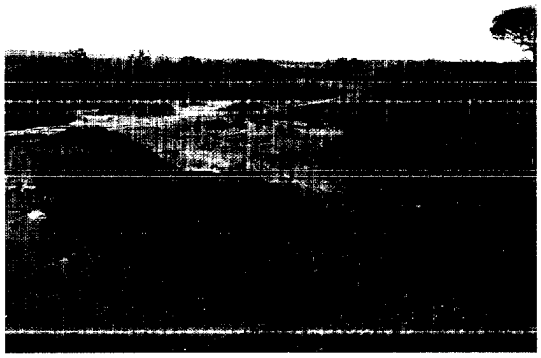
ANGAS ZINC PROJECT: the two main shoots of the Rankine deposit resource.



Section through the Rankine deposit which is the major portion of the current Angas resource of 930,000 tonnes grading 20% ZnE.
The two main shoots of massive sulphide are shown with some drill intersections projected onto the line of section at approximately similar depth. The shoots are open at depth and to the north.



Mine design based on pre-feasibility studies. A decline (green) commences in the existing quarry.



The economics of the Angas zinc project benefit from a number of factors.

The proposed decline portal can be sited within the existing limestone open cut mining operation (pictured above). The limestone is a natural buffer for runoff. The concentrator could replace the current crushing and screening operation.

Existing infrastructure includes a major power transmission line and bitumen road to the standard gauge railway line at Callington for the on-shipment of concentrate to Port Adelaide or the Port Pirie lead smelter.

The nearby rural town of Strathalbyn provides a substantial basis for a workforce and support services.

The concentrate produced is coarse-grained and high in grade finding ready acceptance by smelters.

Proposed programme

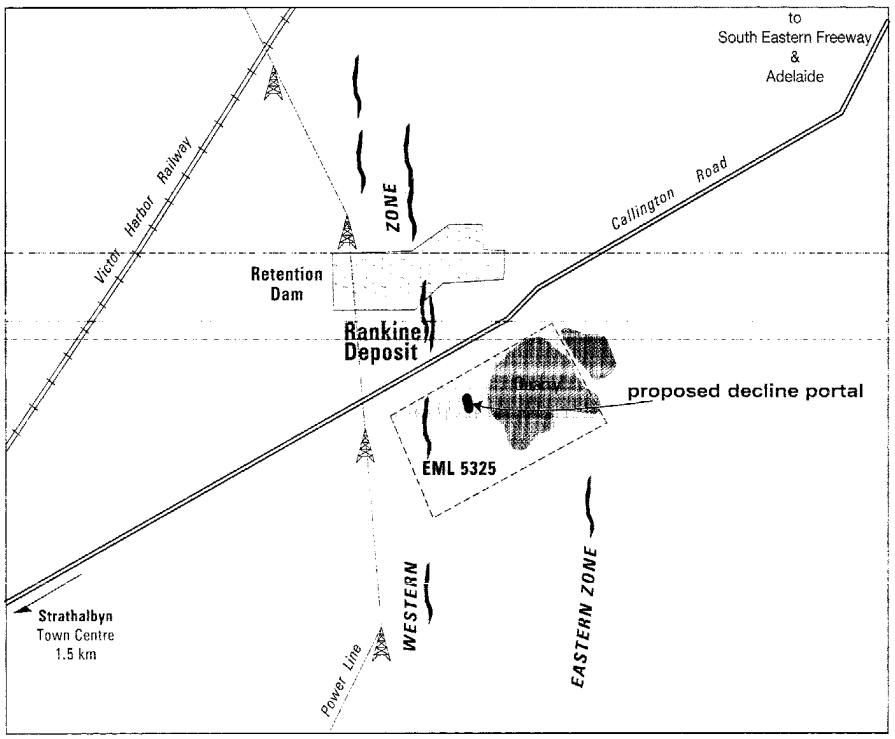
When this Offer closes a drill programme to extend the existing resource boundaries will target the Rankine shoots to the north and at depth. This will follow up on the last hole drilled to the north which had a 12 metre intersection of massive lead-zinc sulphide.

Electrical surveys will be used to locate underground shoots over the whole Angas project to guide continuing drilling.

Following definition of more than 2 million tonnes of high grade resource, the drilling will focus on infill holes to define proven resources for the feasibility study. This programme is expected to be completed by mid 2004.

Planning for mining feasibility will be conducted concurrently with drilling, beginning with regulatory compliance and metallurgical testwork, proceeding to engineering studies.

Many untested old mines around the Angas zinc project will be investigated for potential new deposits to add to Terramin's metal portfolio.

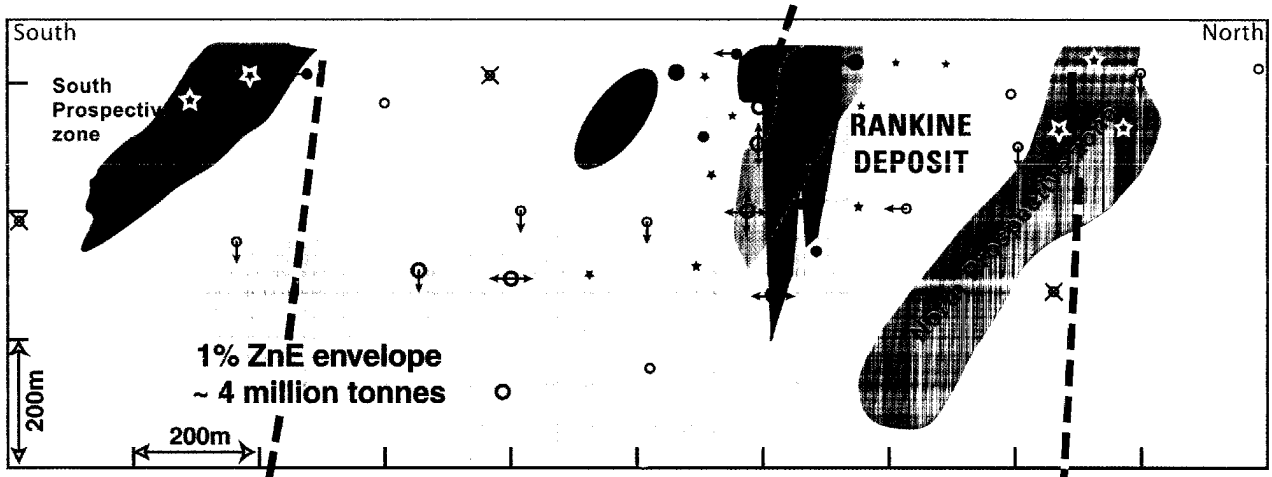


Angas project site showing the existing quarry operation (which the Company does not own but has rights to use the site for mining operations). Note infrastructure at the site.

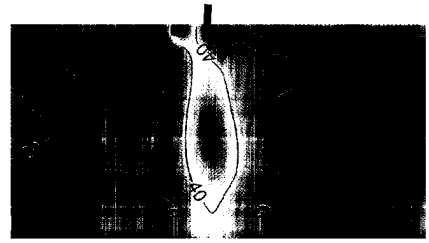
ANGAS ZINC PROJECT: MIMDAS SURVEY

- **detects mineralisation over prospective zones**
- **delivers the potential to optimise drill hole locations**

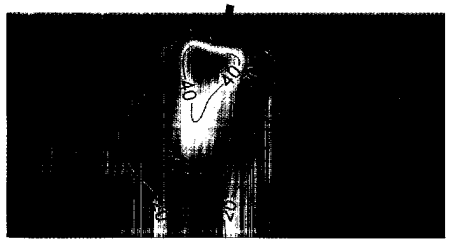
Large chargeability anomaly (indicating significant mineralisation) over the Rankine shoots.



Original drillholes in black. Terramin drill holes in blue. Stars indicate location of first holes to be drilled on Listing.

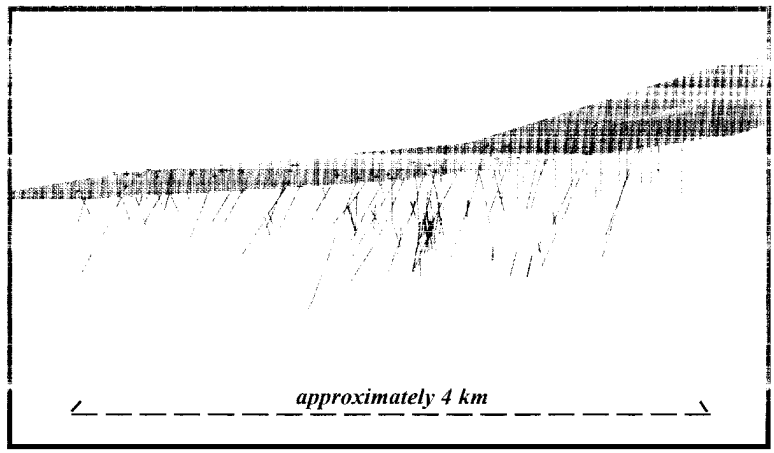


Prospective zones identified from other data also show sizeable chargeability anomalies indicating significant mineralisation. The survey will be extended to obtain more precise data to guide drill testing.



MENNINNIE ZINC PROJECT

Of the same age as Olympic Dam, Menninnie Dam is a substantial base metal deposit created by volcanic activity in the Gawler Craton. In 1983 a major explorer defined 1.7 million tonnes at better than 12% ZnE after drilling 20 holes into the northern part of this large (more than 4 km long) prospect.



Menninnie Dam Prospect
Above: Long section looking west. Vulcan system representation showing drill holes (in blue) and some interpreted massive sulphide shoots (in red).

Terramin's current joint venture partner drilled a further 55 holes and discovered a rich deposit in the central area, however, drilling was still too widely spaced to define a resource. Approximately $5 million has been expended on the project. Overall multi-million tonnes of high grade potential are estimated to be contained within a 20 million tonne envelope but exploration was suspended in 1993. In 2003 it was included within Terramin's Fleurieu joint venture to ensure the project developed, and Terramin is now the operator.

The affinity with Olympic Dam has only been recognised recently, after most exploration activity had ceased. In addition to the high grade Pb-Zn deposits, there is untested potential for gold and copper, only three drill holes have been assayed for gold. The southern part of the tenement is considered particularly prospective for copper and gold deposits formed by volcanic activity.

Using the methodology successfully employed at Angas, Terramin will apply sophisticated geophysical techniques to identify larger shoots. It will initially target the central high grade zone with the aim of defining a substantial resource to provide for long term growth in its metals production portfolio. Development economics will benefit from the proximity of the Port Pirie lead smelter.

Copper-Gold Projects

The Ingomar project is west of Prominent Hill in a similar structural position. The tenements are remarkably under-explored; platinum assays from a drill hole and gold anomalies from soil sampling show the potential. The Challenger gold mine is 90 km to the west in a similar setting to that of gold anomalies in the southwest of the tenement. These gold anomalies have not been tested by drilling.

The Company's other projects are prospective for base metals and gold located along major structures intruded by granites which drive mineralising processes.

Summary of programs and budgeted expenditure assuming the Issue is fully subscribed at $5 million with no over-subscriptions

Project	Budgeted activity	Year 1 $	Year 2 $	Total $
Angas Zinc	Resource upgrade	1,000,000	200,000	1,200,000
	Mining feasibility study	850,000		850,000
	Bankable feasibility study		450,000	450,000
Menninnie Zinc & others	Survey and drilling	400,000	350,000	750,000
Total Exploration & Feasibility		2,250,000	1,000,000	3,250,000
Corporate & Administrative				
	Cost of Issue	480,000		480,000
	Corporate, admin., legal and working capital	750,000	520,000	1,270,000
Grand Total		3,480,000	1,520,000	5,000,000

Zinc

Zinc is a brittle metal that combines readily with other metals to form alloys—brass (copper and zinc), bronze (copper and tin) and nickel silver (copper, nickel and zinc). It is mined principally as the primary sulphide sphalerite, usually in association with galena.
Zinc is an important metal to modern industry and approximately 50% of production is used for galvanising steel to protect it from rust. Zinc compounds and dusts are used in cosmetics, plastics, rubber, ointments, sun screens, soap, paint, ink, fertilisers and batteries. About 30% of zinc used in the western world comes from recycling.

Lead

Lead is a relatively soft, malleable metal. It is mined principally as the primary sulphide, galena, usually in association with sphalerite. Galena often contains inclusions of silver-bearing minerals and is a major source of silver. Lead is one of the most widely used metals and also the most recycled, with more than 50% of the industrial supply being recycled from scrap, particularly lead-acid batteries of which more than 90% are recycled. Approximately 60% of lead produced is used in lead-acid batteries for the storage of energy. Other uses include lead foil, plumbing, solder, sound proofing, metal type, ammunition, addition to glass to block harmful radiation from television and computer screens, and as an ultraviolet ray protector in PVC plastics.

Global production forecasts

Australia is the western world's largest producer and exporter of lead (658,000 tonnes in 2002) and second largest producer and exporter of zinc (1,529,000 tonnes in 2002).

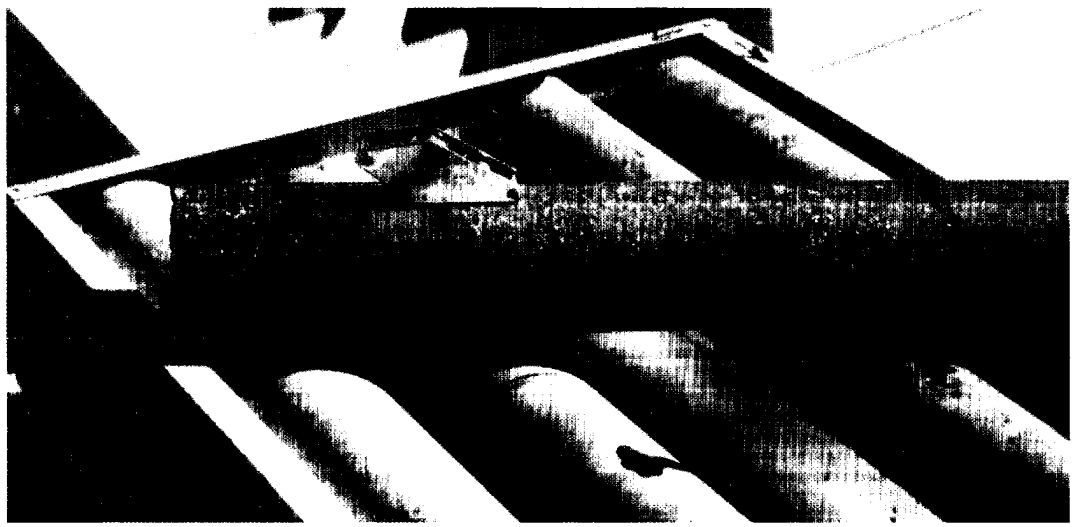
Global output of refined zinc metal in 2003 is forecast by the International Lead and Zinc Study Group (ILZSG) to be 0.6% lower than in 2002 but is set to rise by 2.5% in 2004. Forecasts for 2003 are a western world 100,000 tonne zinc market surplus and that in 2004 the market will be closely balanced. The recent closure of West Australian mines has not been factored in to these projections and, if continued, will remove a further 176,000 tonnes of zinc-in-concentrate production. A shortfall is likely to occur with recovery of industrialised economies.

World usage of refined lead is forecast to rise 0.9% in 2003 and 2.4% in 2004. ILZSG predicts a close balance between supply and usage of refined lead this year in the Western world. In 2004, a supply deficit of just over 130,000 tonnes is forecast. The recent closure of mines will increase this by a further 70,000 tonnes.

Base metals in South Australia

South Australia provided Australia's first metal mines in 1841 at Glen Osmond where lead ore was produced from the Wheal Gawler mine on the outskirts of Adelaide. Other discoveries of lead-zinc mines in the Mount Lofty Ranges followed—Strathalbyn (1848), Almanda (1850), Wheal Ellen (1857), Aclare (1859), Mount Malvern (1859) and Talisker (1862).

Discovery of the rich, massive lead-zinc-silver deposit at Broken Hill in 1883 resulted in the establishment of a sea port at Port Pirie followed by the construction of a lead smelter and refinery in 1889. This complex annually produces 200,000 tonnes of refined lead, 40,000 tonnes of zinc, 3,000 tonnes of copper and 200 tonnes of silver, from concentrates originating from Broken Hill and other mines.



Photograph of section of a core showing high grade massive Zn-Pb mineralisation in the Rankine Deposit. Note the coarse crystals which will facilitate flotation and provide preferred smelter feed stock.

3 Board and Management

Terramin has a focused Board with an emphasis on entrepreneurial skills and experience in mineral exploration and development. The Board members have corporate skills and proven track records in acquisition, management, and financing of mineral projects. The Company utilises sophisticated exploration techniques, in particular Maptek Pty Ltd's state-of-the art "Vulcan" software to interpret data for exploration and mine planning. It utilises a skilled team of exploration and mining professionals.

Kevin Charles Moriarty (age 56)
BSc(Hons), PhD

Executive Chairman

Dr Moriarty is a professional geologist and company director. As former Chairman and Managing Director of Tarcoola Gold Ltd he guided that company to a very successful capital raising and listing on the ASX. He is the principal of Towarnie Geosciences, a consultancy business which has focused on introducing mineral exploration companies to advanced quality projects. Dr Moriarty's career has included geophysical and geological projects in both petroleum and minerals. He undertook petroleum exploration and development projects for Santos Ltd and Sydney Oil Company Ltd. His early and later career has been in base and precious metal exploration and included industrial mineral projects in many countries for companies including Inco Ltd (nickel); Union Oil minerals subsidiary (copper, silver– USA and Mexico); and junior metal explorers. He is a member of The Australasian Institute of Mining and Metallurgy and the Geological Society of Australia.

David Alaster Paterson (age 50)
BAppSc, GradDip BusAdmin

Director

Mr Paterson began his career as a geologist. He has diverse experience in the Australian minerals industry including Zinc Corporation (Broken Hill mines), Minerals Mining & Metallurgy, New Guinea Goldfields Ltd and BHP Exploration. He was a Member of Australian Stock Exchange Ltd, is a member of the Securities and Derivatives Industry Association and brings 17 years experience in capital markets and finance to the Company. Currently he is a senior consultant with wealth management group Prescott Consultants Ltd. Prior to that he was branch manager of Ord Minnett in South Australia. He is an Affiliate of The Securities Institute of Australia, a member of The Australasian Institute of Mining and Metallurgy and the Geological Society of Australia.

Colin G Jackson (age 55)
BSc(Hons), MSc, DIC, GradDip BusAdmin

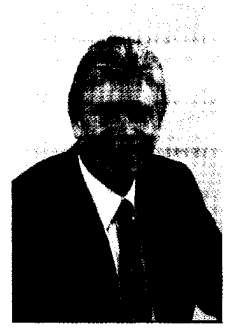
Executive Director

Mr Jackson graduated as a metallurgist and mineral process design engineer from the Royal School of Mines, Imperial College, London specialising in zinc-copper smelter schedule optimisation. Following ten years in mine design and operations with Selection Trust Ltd group and RGC Ltd he entered the securities industry and became Partner and Director-Research and Corporate. for McIntosh Securities Ltd (known today as Merrill Lynch Australia). Over the next 12 years he managed numerous equity underwritings including the initial public offering of Kidston Gold Mines Ltd and Placer Pacific Ltd. He joined Newcrest Mining as inaugural investor relations manager and then spent eight years at Normandy Mining Ltd as Group Executive-Corporate.

The directors are from left, David Paterson, Kevin Moriarty and Colin Jackson

Peter Eric Cox (age 55)
FCA

Company Secretary



Mr Cox is a Fellow of the Institute of Chartered Accountants having graduated in 1972. After a period as audit manager with Coopers and Lybrand he became a Partner in Stephens and Associates, responsible for corporate advising, secretarial, litigation support and audit functions. Following an appointment as Group Finance Director for International Data Security Ltd in the UK, he worked in share-broking and currently conducts a management consulting and accounting business.

CORPORATE GOVERNANCE

The Board acknowledge and endorse the "Principles of Good Corporate Governance and Best Practice Recommendations" as formulated by the ASX Corporate Governance Council - March 2003.

The Board will enact and pursue the best practice recommendation guidelines as is deemed appropriate for the size of the Company and its development status. In particular, viewed as paramount, are the rights of shareholders, especially the maintenance of an informed and efficient market through timely and balanced disclosure to preserve investor confidence.

Important Information

This Prospectus is dated 13 November 2003 and has been lodged with ASIC on the same date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus.

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an exposure period of seven days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to seven days. The purpose of this exposure period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, Applications received during the exposure period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the exposure period will not be processed until after the exposure period. No preference will be conferred on Applications received in the exposure period and all Applications received during the exposure period will be treated as if they were simultaneously received on the Opening Date.

This Prospectus will be issued in a paper form and as an electronic Prospectus which may be accessed on the internet at http://www.terramin.com.au. The Offer pursuant to an electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. The Corporations Act prohibits any person from passing to another person the Application Form unless it is attached to or accompanies the complete and unaltered version of the Prospectus. During the Offer Period, any person may obtain a hard copy of this Prospectus free of charge by contacting the Underwriter by email at broker@taylorcollison.com.au or by telephone to the Underwriter on 08 8212 2688.

The Offer under the Prospectus is not being made in any jurisdiction other than Australia. Accordingly, Shares offered under this Prospectus may not be offered or sold to any person outside of Australia. The distribution of this Prospectus outside Australia may therefore be restricted or prohibited. Any person who receives this Prospectus outside Australia should inform themselves about and observe any such restrictions or prohibitions. Failure to do so may constitute a violation of foreign securities laws.

No Shares will be issued on the basis of the Prospectus later than the expiry date, being the date which is 13 months after the date of this Prospectus. The Company will apply to the ASX within 7 days after the date of this Prospectus for permission for the Shares to be listed for quotation on ASX.

The Shares offered by this Prospectus are of a speculative nature. No person is authorised to give any information or to make any representation in relation to the Offer. Any representation or information in relation to the Offer which is not contained in this Prospectus may not be relied upon as having been authorised by Terramin or its Directors.

A number of terms and abbreviations used in this Prospectus have defined meanings which appear in the Glossary in Section 12.

Applicants should read this document in its entirety and consult their professional advisers before deciding to apply for Shares. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

4 Details of the Issue

4.1 SHARES OFFERED FOR SUBSCRIPTION

This Prospectus invites investors to apply for a total of 25 million Shares at an issue price of 20 cents per Share to raise $5,000,000. The Shares offered by this Prospectus will be issued as fully paid Shares and will rank equally in all respects with the Existing Shares.

The Company reserves the right to accept over-subscriptions up to $1,000,000 by issuing up to 5 million Shares at an issue price of 20 cents per Share. Amounts raised by over-subscription will facilitate the acceleration of its programs.

It is anticipated that the Issue will enable the Company to satisfy the requirements of the ASX in relation to the Company's proposed application for admission to the Official List.

4.2 LEAD MANAGER AND UNDERWRITER

The Offer will be lead managed by Taylor Collison Ltd.

The Offer is underwritten to the amount of $5,000,000 by Taylor Collison Ltd.

Details of the lead manager and underwriting agreement is set out in Section 10 of this Prospectus.

4.3 PURPOSE OF THE ISSUE AND USE OF FUNDS

The purpose of this Issue is to raise funds to progress the Company's base-metal resources to mining feasibility and upgrade several gold and copper-gold projects to attract major farm-in partners. Details of the exploration and development programs are provided in section 1 and in the Independent Geologists reports in sections 5 & 6 of this Prospectus.

Funds will be used for infill drilling on the zinc projects with the aim of expanding and upgrading the resources to mining feasibility stage. This work will start immediately on Listing.

Some funds will be used to drill prospects and old mines near the existing resources to define base-metal deposits which could extend mine life.

If $5,000,000 is raised pursuant to this Offer, the Company intends to use these funds as follows.

USE OF FUNDS

Angas mining feasibility	$2,500,000
Exploration Expenditure	$750,000
Expenses of Issue	$480,000
Corporate expenditures	$1,270,000
Total Funds	$5,000,000

4.4 APPLICATIONS

An Application under this Prospectus can only be made on the Application Form attached to this Prospectus or a paper copy of the electronic version.

Applications must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. Cheques should be in Australian currency and made payable to 'Terramin Australia Ltd – Share Issue Account' and crossed 'Not Negotiable'

Completed Application Forms, which must be accompanied by payment in full, can be lodged at any time after the issue of this Prospectus, in accordance with the instructions set out in Section 13.

Applications must be received by 5.00 pm Adelaide time on 10 December 2003 (subject to the right of the Directors to close the Offer earlier or to extend this date without notice).

4.5 RIGHTS ATTACHING TO SHARES

Details of the rights attaching to the Shares issued pursuant to this Prospectus are summarised in Section 11 of this Prospectus.

4.6 IMPORTANT DATES

Offer opens: 13 November 2003

Closing Date: 10 December 2003

Holding statements expected to be despatched by 15 December 2003

Trading of Shares on ASX expected to commence by 19 December 2003

The above dates are indicative only.

4.7 ALLOTMENTS

Subject to the ASX granting approval for the Company to be admitted to the Official List, the allotment of Shares will be made as soon as practicable after the Closing Date. The Company reserves the right to allot Shares in full for any Application or to allot any lesser number, and to decline any Application received.

Where the number of Shares allotted is less than the number applied for, the surplus Application Monies will be returned by cheque within 14 days after the Closing Date. Interest will not be paid on monies refunded.

A completed and lodged Application Form, together with a cheque for the Application Monies, constitutes a binding and irrevocable Application for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be a binding Application.

If the Application Form is not completed correctly, or if the accompanying payment of the Application Monies is for the wrong amount, it may still be treated as a valid Application. The Directors decision whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application Monies.

4.8 ASX LISTING

Application will be made to ASX no later than 7 days after the date of this Prospectus, for the Company to be admitted to the Official List and for the Shares to be granted Official Quotation by ASX.

The Directors will not allot any Shares offered for subscription unless and until ASX grants approval for the Company to be admitted to the Official List. The fact that ASX may admit the Company to its Official List is not to be taken in any way as an indication by ASX of the merits of the Company or the Shares offered by this Prospectus.

ASX takes no responsibility for the contents of this Prospectus, including any experts' reports which it contains.

Application Monies will be held in a separate bank account in trust for the Applicants until allotment occurs. No interest will be payable.

If the Shares are not admitted to quotation by the ASX within three months after the date of this Prospectus, the Company will not allot or issue any Shares pursuant to this Prospectus and will return all Application Monies as soon as practical without interest.

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

4.9 RESTRICTED SECURITIES

As a condition of admitting the Company to the Official List, the ASX may classify certain Existing Shares held by the officers of the Company, seed capitalists, and vendors as restricted securities.

Prior to quotation, it will be necessary for these parties to enter into restriction agreements with the Company. The effect of the restriction agreements will mean that the restricted securities cannot be dealt with for a period as determined by the ASX.

4.10 CHESS SYSTEM

The Company will apply to be admitted to participate in the Clearing House Electronic Subregister System (CHESS), in accordance with the Listing Rules and the Securities Clearing House Business Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored subregister and an electronic CHESS subregister. The two subregisters together will make up the Company's principal register of securities.

The Company will not issue certificates to investors. Instead, investors who elect to hold their securities on the issuer-sponsored subregister will be provided with a holding statement (similar to a bank account statement) which sets out the number of securities allotted to each investor under this Prospectus. For investors that elect to hold their securities on the CHESS subregister, the Company will, on allotment, issue a statement to investors that sets out the number of securities allotted to the investor under this Prospectus and at the end of the month following the allotment, CHESS (acting on behalf of the Company) will provide investors with a holding statement that confirms the number of securities allotted.

A holding statement (whether issued by CHESS or the Company) will also provide details of an investor's Holder Identification Number (in the case of a holding on the CHESS subregister) or Shareholder Reference Number (in the case of a holding on the issuer sponsored subregister). Following distribution of these initial holding statements to all investors, a holding statement will only routinely be provided to an investor at the end of any subsequent month during which the balance of the investor's holding of securities changed.

Existing shareholders will, following Official Quotation of Existing Shares by ASX (other than Shares designated by ASX as restricted securities), receive holding statements in the Company to replace the Share certificates currently held by them.

4.11 NON-RESIDENT INVESTORS

Investors outside Australia should consult their professional advisers as to whether governmental or other consents are required, or other formalities need to be observed, before investing in the Company.

This Prospectus does not constitute an offer in any place in which, or to any person whom, it would not be lawful to make such an offer. It is the responsibility of non-Australian resident investors to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all approvals have been obtained.

4.12 CAPITAL STRUCTURE

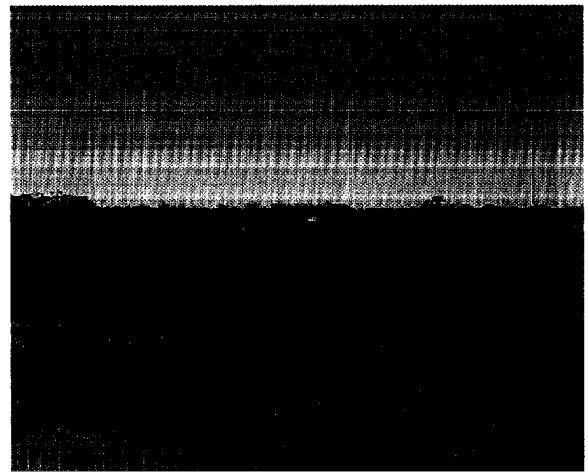
Terramin was incorporated in December, 1993 under the name of Playford Resources NL with the objective of exploring and developing Australian mineral resources opportunities. Since then more than $2 million of shareholder funds has been applied to projects in the Northern Territory, Western Australia, Victoria and in more recent times South Australia.

In September 1996 all the issued shares and seed capital totalling $0.63 million were sold for shares in a Canadian listed Company. A further $0.75 million was then expended, mainly to evaluate the resources in the Angas prospect. In September 2000 all issued shares were transferred to two current directors for forgiveness of substantial liabilities. A further subscription of $0.8 million in seed capital has enabled Terramin to advance its high grade projects.

Based on the full subscription of $5 million, the capital structure of the Company at the completion of the Issue will be as in the table below. The capital structure will alter in proportion with any over-subscription.

Unlisted Options equal in number to 10% of the total number of Shares admitted to Official Quotation will be issued under the Share Exchange Agreement of 1997 prior to Listing. A summary is contained in section 10.4.

For access to proprietary technology, MIM Exploration Pty Ltd has been issued 2 million unlisted Options on terms described in Section 10.3. Western Metals has been issued 2 million unlisted Options for agreeing to changes to the Fleurieu Exploration Joint Venture advantageous to Terramin.



View over the Menninnie Dam zinc prospect.

Capital Structure if Offer is fully subscribed

	Number of Shares
Shares on issue at the date of this Prospectus	30,235,005
Shares being offered by this Prospectus	25,000,000
Total Shares on issue following this Offer	55,235,005
Unlisted Options (exercisable at 20 cents -refer section 11)	11,832,501

Ore **R**eserve **E**valuation **S**ervices **KEN BAMPTON** M.Sc, M.AusIMM, M.AIG
ABN 17 998 949 266 Consulting Geologist

30 October, 2003

The Directors
Terramin Australia Limited
5/93 Childers Street
NORTH ADELAIDE SA 5006

Dear Sirs,

Re: **Independent Geologist's Report – Zinc/Lead/Silver Projects**

This report has been prepared at the request of Terramin Australia Limited, by letter of October 21, 2003 for inclusion in a prospectus to be dated on or about 10 November 2003, to raise up to $6,000,000 by the issue of 30 million shares at 20c each.

The report was prepared by Mr K. F. Bampton, a consulting geologist trading as Ore Reserve Evaluation Services. Mr Bampton holds degrees of BSc (Hons) in Economic Geology from Adelaide University and MSc in Exploration and Mining Geology from James Cook University of North Queensland. He has thirty years experience in mineral exploration, evaluation and development, mostly in Australia but also Brazil. He is a Member of the both the Australian Institute of Geoscientists (AIG) and The Australasian Institute of Mining and Metallurgy (AusIMM).

The author has no direct or indirect interest in either Terramin or the properties under review. The report has been prepared in return for professional fees only, the payment of which are not dependent on the conclusions of this report or success of the float. No opinion is expressed as to whether investment is Terramin is warranted or otherwise.

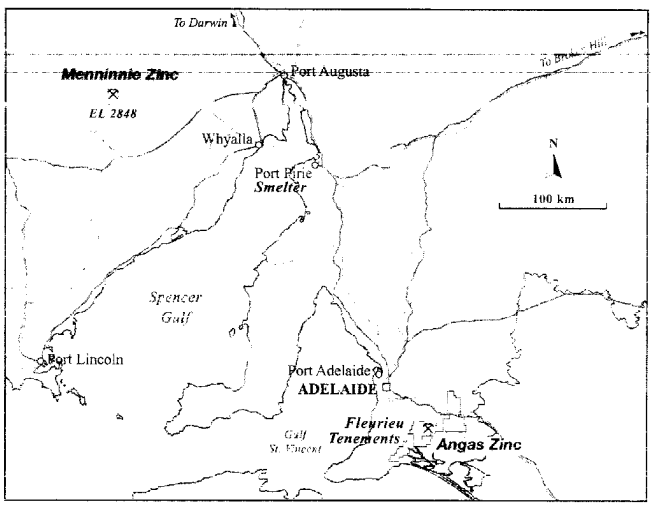
A review of the South Australian mining tenements comprising Terramin's two Zinc/Lead/Silver Projects has been completed. Material examined is listed under References at the conclusion of the report - unpublished articles were provided by Terramin who warrant that no relevant information has been withheld. The Angas Zinc Prospect and parts of the enclosing Exploration Licences have been inspected, initially in the company of Terramin executive chairman, K. Moriarty (including examination of Angas diamond drill core) and later with consulting geologist, S. Toteff and independently. Discussions have been held with S. Sullivan of Maptek concerning the Angas resource study. The Menninnie Dam property has been visited with K. Moriarty and drill core inspected independently.

Preparation of the document has been guided by the VALMIN Code (April 1998) of AusIMM and the Joint Ore Reserves Committee (JORC) Code (September 1999) of AusIMM, AIG and the Minerals Council of Australia. A draft was submitted to Terramin with a request to identify any apparent errors or omissions, prior to final lodgement.

Yours faithfully,

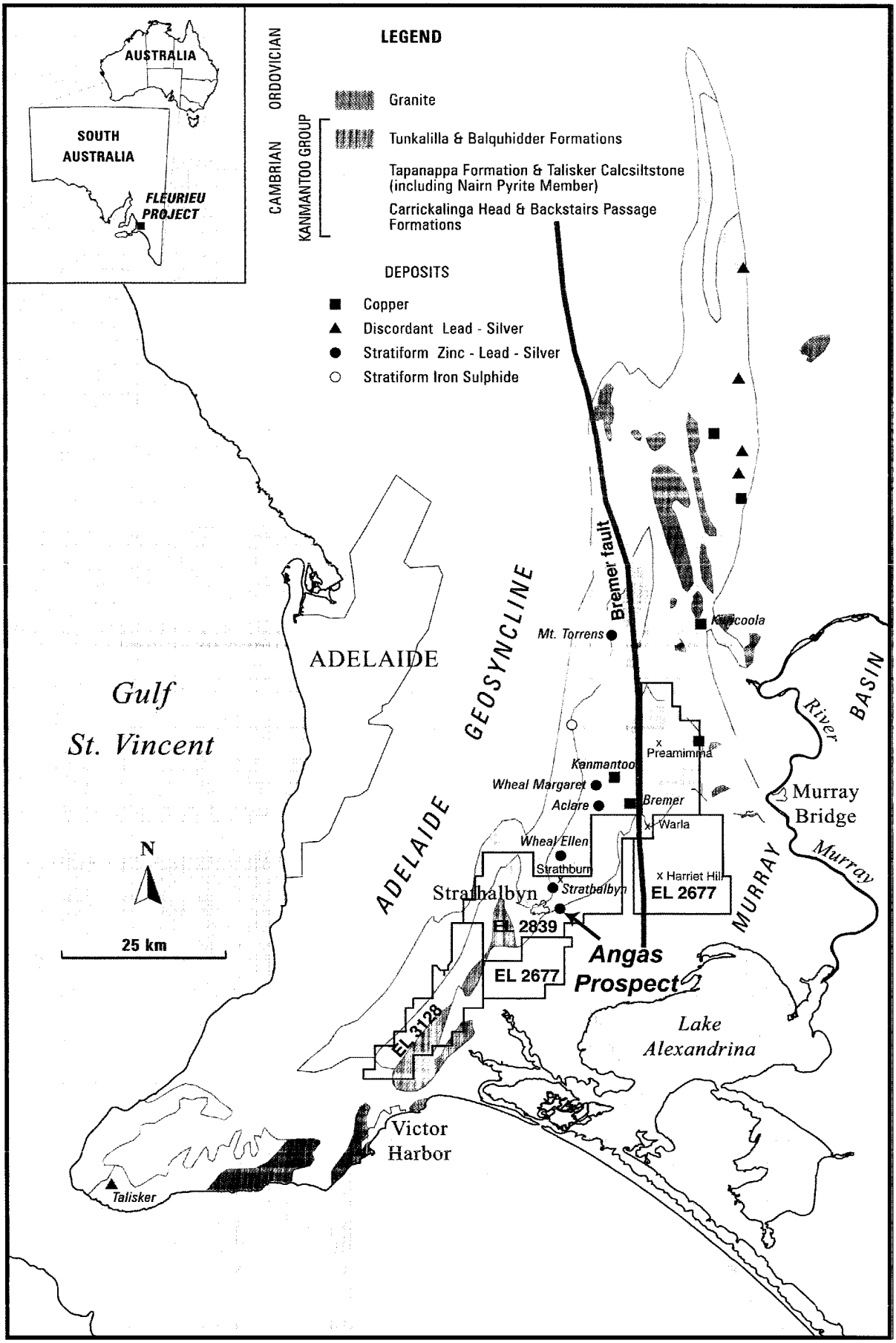
K.F. BAMPTON

Principal



55 Knightsbridge Avenue, VALLEY VIEW, South Australia 5093
E-Mail: ken_bampton@msn.com.au Telephone & Fax: (08) 8264 774

Figure 1: Fleurieu tenements and regional geology of the Kanmantoo Trough



INTRODUCTION

The first metallic ore mined in Australia was silver-lead at Wheal Gawler near Glen Osmond, on Adelaide's south-eastern fringe, in 1840. Zinc-lead-silver has been mined almost continuously in South Australia since that time and, although not a major producer, the State is a significant metallogenic province for these metals, with over 180 previously worked deposits and a further 100 recorded occurrences. The largest exploited body has been the Beltana willemite (zinc silicate) deposit which contained a pre-mining reserve of 1 Mt at 35% Zn. The world's largest lead smelter/ refinery at Port Pirie was established to treat lead concentrate from nearby Broken Hill, NSW.

Terramin is confirming its 60% interest in two advanced South Australian zinc-lead-silver projects under the Fleurieu and Menninnie Dam Joint Venture by expending a total of $2 million, of which it has spent $0.9 million to date. However, Terramin can acquire 100% of both projects by issuing $1 million of listed fully paid ordinary shares to Western Metals Copper Limited (Western Metals) via a call option expiring on 31/12/2005. In this case, 2.5% net smelter royalty on production from the properties, would also be payable to Western Metals, to a cumulative maximum of $12 million. – see Material Contracts, section 10.1.

The Fleurieu and Menninnie Dam tenements are located approximately 250 km SSE and 160 km WNW respectively from Port Pirie – see cover letter figure. Tenement details as below were confirmed via the Primary Industries and Resources SA web site on 21/10/2003. All titles are registered in the name of Western Metals Copper Limited.

Exploration Licence	Area km²	Expiry Date
Fleurieu (contiguous tenements) – Figure 1		
EL 2839, Bremer	457	09/09/2004
EL 3128, Currency Creek	174	16/09/2004
EL 2677, Langhorne Creek	275	02/12/2003
	906	
Menninnie Dam		
EL 2848, Menninnie Dam	101	23/09/2004

FLEURIEU

All tenements are within 70 km to the southeast of the city of Adelaide. Other than the northern tip of EL 2839, which extends 5 km on to ADELAIDE (SI54-9), all titles are on the BARKER (SI54-13) 1:250 000 map sheet area.

The tenements are within the bounds of Ngarrindjeri [illegible] held under Freehold Title or Perpetual Crown Lease on which Native Title has been extinguished – refer to the solicitor's report elsewhere in this prospectus for more detail. The Angas Zinc Prospect is exclusively on such land.

Three small National Parks lie within the perimeters of but are excluded from the licences as below:

	km²
Ferries-MacDonald Conservation Park	8.6
Monarto	2.5
Scott Conservation Park	2.1

Access restrictions may apply in four National Estate Areas, which are not excluded from the tenements but constitute less than 1% of the total area – viz:

	km²
Anthony's Hill Historic Reserve	2.0
Cox Scrub Conservation Reserve	0.2
Mosquito Creek Road Area	0.7
Meyer Scrub	2.6
Peeralilla Hill Area (part)	1.0
Total km²	**6.5**

Past production from the target host rocks in the region totals 42,000 t contained copper (Kanmantoo/Bremer) and 94,000 t of +20%, dressed Pb-Zn-Ag(Au) ore (Wheal Ellen, Aclare, Strathalbyn). There is no current metal production in the region, the Kanmantoo open cut (5 km outside the tenements) having closed due to low copper prices in 1976, leaving an unmined resource of 8 Mt at 1% Cu below the pit floor.

High grade, massive sulphide, zinc-lead-silver(-gold) resources, with near-term production potential, have been identified at the Angas Zinc Prospect roughly central to the area and 2 km east of Strathalbyn township, within EL 2839. There is no recorded metal production from this site although the former Strathalbyn Mine lies 1 km to the north and there are several small historic prospecting pits/ shafts in the vicinity. A road-base limestone quarry currently operates on a portion of the site.

With a pre-mining resource of 12 Mt at 1% Cu, the Kanmantoo Mine was historically the most significant base metal deposit in the region. Angas already exceeds this in tonnes of contained metal and is of approximately similar gross 'in ground value' (= tonnes of metal x metal price).

SUMMARY OF PROJECT HISTORY

Aberfoyle Resources Ltd (Aberfoyle) initiated the project and identified the Angas Zinc Prospect in 1991. By 1993 they had outlined an inferred resource of 1 Mt at 10% Zn, 4% Pb, 60g/t Ag, 1g/t Au, spending a total of $2.6M. Aberfoyle's fundamental work:

- assembled the portfolio of tenements;
- discovered new mineralisation in an old area, confirming its prospectivity;
- defined an embryonic resource.

A major Australian mining company farmed-in and managed a joint venture (FJV) from October 1994, withdrawing without any retained interest in October 1996, after spending $0.63M. No new work was conducted at Angas but it was adopted as an exploration model for similar but larger occurrences in surrounding areas. Based on a 300 nT magnetic anomaly associated with Angas (principally due to pyrrhotite), exploration was mostly directed toward airborne magnetic anomalies. Thirty-two geophysical targets were evaluated, using ground magnetic traverses and soil/rock geochemistry with RAB /aircore geochemical drilling at 22 sites. Several prospects were downgraded but the work:

- contributed to refining the exploration model for wider application;
- improved knowledge of the regional stratigraphy;
- located some geochemically anomalous Zn-Pb zones for potential follow up.

Terramin (as Playford Resources NL) formed the 60/40 Fleurieu Exploration Joint Venture (FEJV) with Aberfoyle in July 1997. Aberfoyle was subsequently taken over and this interest is now held by Western Metals. Terramin concentrated activity at Angas, with soil geochemistry, gravity, magnetics, downhole geophysics and 12 drill holes. For an expenditure of ~$0.9 million Terramin has:

- advanced the resource from inferred-only to inferred/ indicated;
- increased resource grade approximately 50% at similar tonnage;
- refined the geological understanding/modelling of the mineralisation;
- shown that gravity can define garnet-rich zones in the target stratigraphy;
- demonstrated effectiveness of electrical geophysical methods in delineating ore;
- produced a scoping study for potential small-scale underground mining.

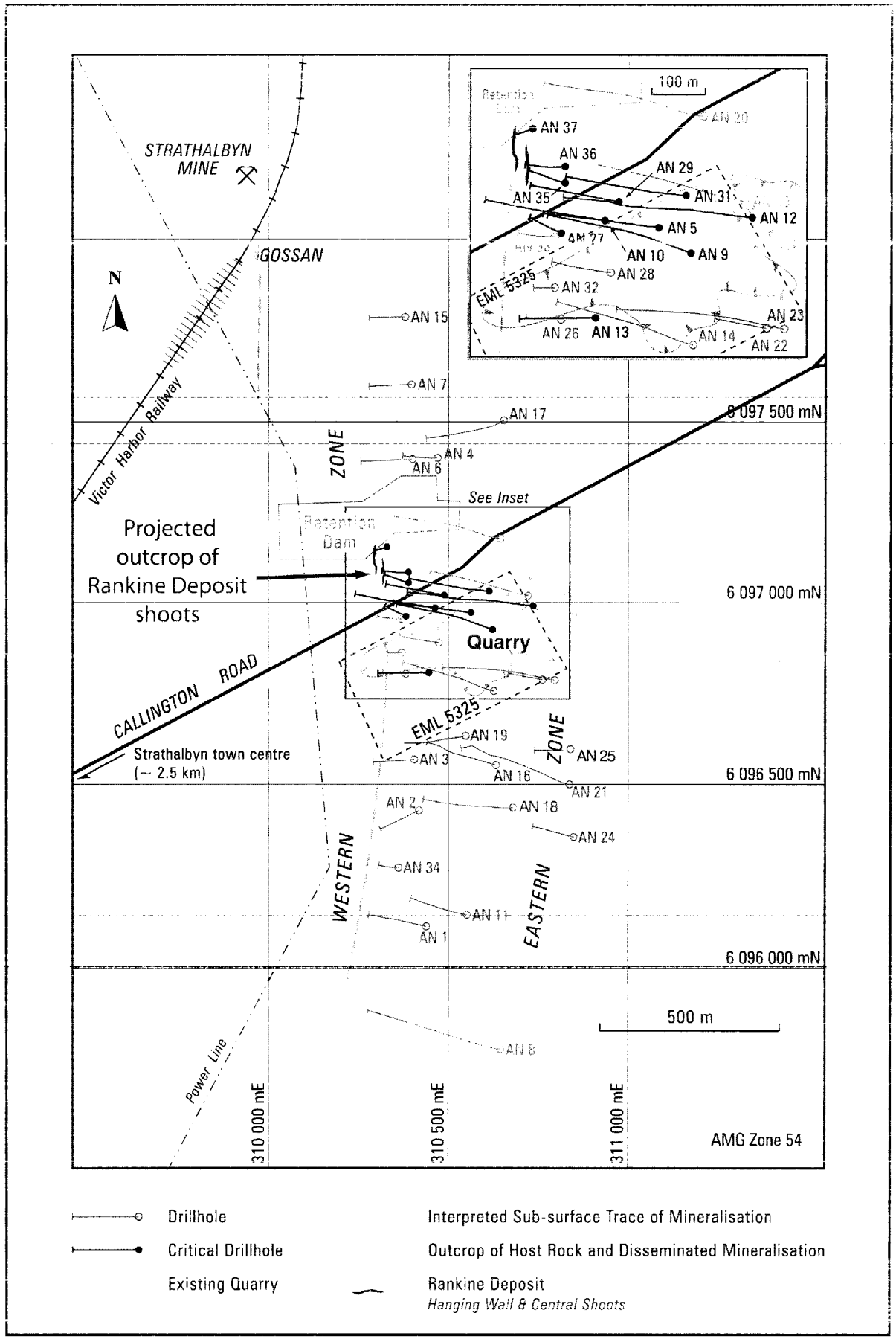
REGIONAL GEOLOGY

The tenements lie within a belt of mostly siliciclastic, marine sediments of Cambrian age, in an area of the eastern Stansbury Basin known as the Kanmantoo Trough. Provenance of these sediments is suspected to have been from the south (Antarctica, prior to its separation from Australia) rather than the west (Gawler Craton) as for the Neoproterozoic Adelaidean succession, which is adjoining on the west. The rocks were deformed and metamorphosed during the Cambro-Ordivician Delamerian Orogeny. Peak metamorphic grade was upper amphibolite facies with local migmatite development in the vicinity of synorogenic granites in the east. Major structures are relatively open, upright and symmetrical, south-plunging folds of the order of 10 km in amplitude. In the NE of the tenements, the meridional Bremer Fault, which may have been active during sedimentation, separates the Kanmantoo Syncline on the west from the Monarto Syncline to the east. The Trough as a whole forms a regional magnetic (and gravity) low between the Adelaidean rocks and Ordivician granites. The nor-nor-westerly trending, continental-scale G2 gravity lineament is centred near the eastern limit of the tenements – within a broad corridor, which possibly extends as far west as Strathalbyn.

The prospective Tapanappa Formation occurs in the Silverton Subgroup at the top of the Lower Kanmantoo Group. It is a turbidite package, typically of mid-amphibolite facies metamorphic grade consisting of 1-2 m thick, fine to coarse-grained meta-greywacke beds separated by very thin, laminated metasiltstone and phyllite. Above the Dawesly Andalusite Member, a garnetiferous and gahnite-bearing sandstone/ quartzite, designated the Angas Garnet Member, hosts exhalative Zn-Pb-Ag(-Cu-Au) mineralisation along the 10 km Angas-Wheal Ellen trend in the centre of the area. 10 km further north, the stratabound copper mineralisation of the former Kanmantoo Mine appears to represent stringer ore in a feeder zone beneath non ore-bearing but anomalous BIF and sulphidic, garnet-rich horizons, in the same unit.

Tapanappa Formation is underlain by the Talisker Calc-siltstone. This unit includes the Nairne Pyrite Member, which was mined for sulphur at Brukunga prior to 1972. The base of the Talisker is a major sequence boundary with the local and variable thickness Cooalinga Sandstone Member filling lows in the underlying erosional surface. The Talisker Calc-siltstone hosts low-grade stratabound Pb-Zn-Ag mineralisation at Mount Torrens in the north but is generally deficient in base metals in the south, with the exception of (late) discordant, As-Ag-Pb mineralisation at the old Talisker Mine near Cape Jervis. Base metal mineralisation is preferentially associated with pyrrhotite-rich sands rather than pyrite-rich silt in both Tapanappa and Talisker units. Tapanappa Formation is disconformably overlain by the dominantly phyllitic Tunkalilla Formation.

Figure 2: Angas Zinc Prospect drill hole layout with cultural features



EL 3128 and EL 2839 cover an area approximately 75 x 10-15 km, oriented NE-SW and directly underlain by Tapanappa Formation. EL 2677 is adjacent to the east, south of the Monarto Syncline, in an area where similar stratigraphy is concealed beneath Quaternary and/or Tertiary (Murray Basin) sediments. The syntectonic granites outcropping around the eastern margin of the Kanmantoo Trough are prospective for vein-hosted Au-Cu mineralisation as at the historic Kitticoola (Tungkillo) Mine. The Monarto Granite, subcropping in the NE of the tenements is part of this suite. There is a suggestion of Ag-Pb dominance in the SW of the tenements, through Cu in the centre to Au in the NE. Arsenic association is common and accessory Bi is ubiquitous.

ANGAS ZINC PROSPECT

Geology/Resource

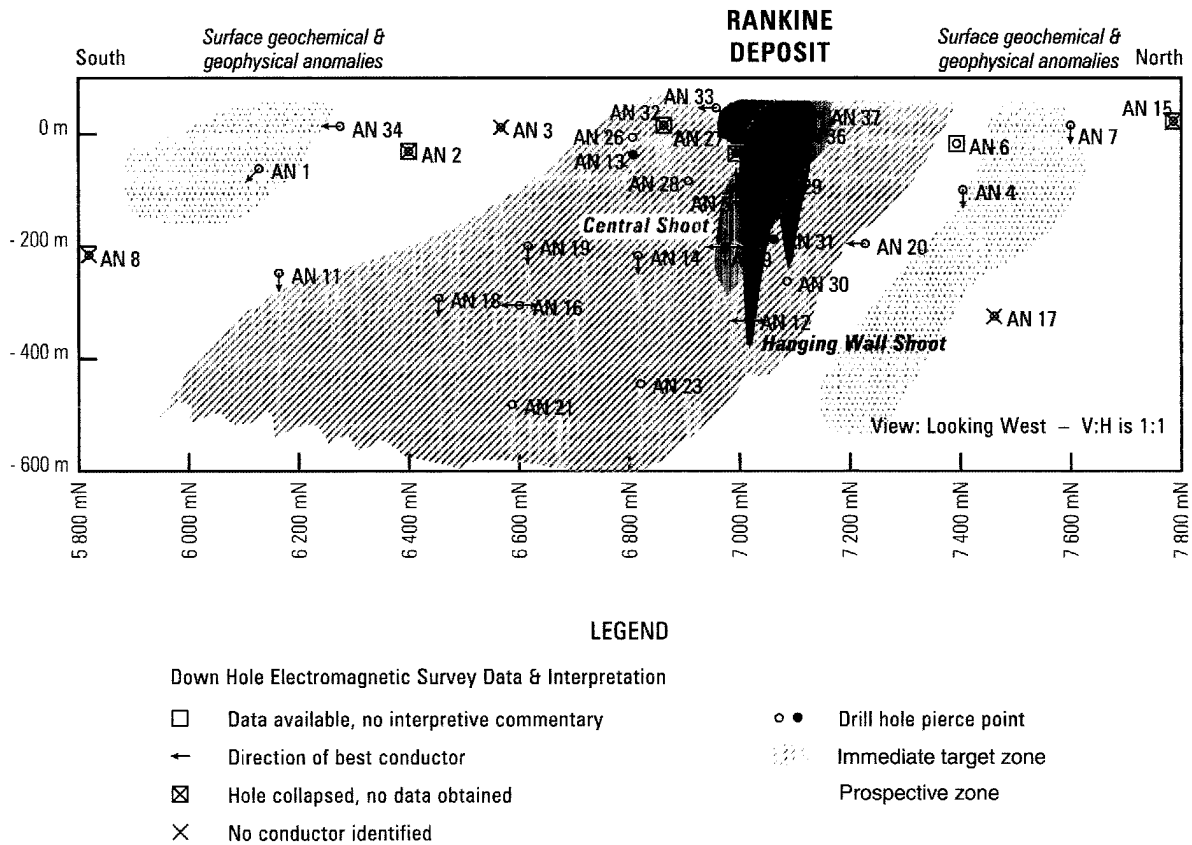
The Angas Zinc Prospect is defined by 37 percussion and diamond drill holes totalling 12,000 m over a north-south length of 2 km and to a depth of 600 m – Figure 2. Massive sulphides varying from a few cm to 15 m apparent thickness occur within a 30-70 m thick envelope of garnet-gahnite-staurolite bearing quartz-biotite-muscovite-andalusite schist.

Overall dip is 70°E within surrounding country rock of typical Tapanappa Formation metagreywackes, on the eastern limb of the Strathalbyn anticline. The garnet-rich unit outcrops over 400 m at the northern end of the prospect. The centrally located ore zones are concealed beneath alluvium and the southern end of the prospect is covered by up to 20 m of flat-lying Tertiary limestone on a low rise.

Sulphides typically occur as one of two types - with transitional variants:

- coarse-grained, laminated, massive sulphides with sphalerite+pyrite+galena and typically highest zinc grades, representing more-or-less in situ, stratiform lenses; and
- finer-grained, massive to disseminated, non-layered, milled sulphides with pyrrhotite+pyrite+galena+ sphalerite and clasts of wall rock, quartz, chlorite and/or laminated sulphides, representing remobilised material.

Figure 3: Angas Zinc Prospect Long Section with drill holes, Rankine Indicated Resource defined by 5% ZnE cutoff; immediate target zone defined by 1% ZnE cutoff; and prospective zones.



LEGEND

Down Hole Electromagnetic Survey Data & Interpretation

- □ Data available, no interpretive commentary
- ← Direction of best conductor
- ⊠ Hole collapsed, no data obtained
- × No conductor identified
- ○ ● Drill hole pierce point
- Immediate target zone
- Prospective zone

Terramin drilling (AN26-37) demonstrated a steep southerly plunge for the ore shoots in contrast to Aberfoyle's earlier north-plunging interpretation. Using zinc equivalent grades (ZnE = Zn% +1.66Cu% + .479Pb% +.014Ag ppm + .826Au ppm based on metal price relativities at 3/4/01) Hangingwall, Central and discontinuous Footwall Shoots were defined. A cluster of high grade (>5%ZnE), approximately co-extensive Hangingwall and Central Shoot intersections has been designated the Rankine Deposit – Figures 2 and 3. This provisional model requires refinement to incorporate the differing ore types, probable small-scale folding and the observation that ore grade and thickness are seldom developed in both shoots in the same hole.

Nine holes define the Rankine Deposit over 150 m of strike and to 400 m depth (Table 1). Two further shoots are named for the single hole on which each is based. AN13 Shoot is at a similar stratigraphic level to the Rankine Shoots, a couple of hundred metres along strike to the south. The AN21 Shoot is 300 m stratigraphically higher in calcsilicates containing garnet but no gahnite. It defines a second (eastern) target horizon. Barren holes AN24 and AN25, 100 m north and south respectively, constrain the strike length of this particular shoot but it has not been tested down dip/plunge.

Assaying has been crosschecked between reputable laboratories Analabs and Amdel and found to be repeatable except for some gold values. AAS results for Pb and Zn were redetermined by wet chemical method when in excess of 5% combined. Note that zinc in gahnite can locally exaggerate (recoverable) grade by up to 1% Zn. The gold imprecision is not critical as it constitutes only 0.6% Zn equivalence overall. From 11 laboratory measurements on +5% ZnE drill core, Aberfoyle determined average bulk density at 4.45 t/m³. A further 16 Terramin field measurements yielded 4.43 t/m³.

Johnson and Sullivan (2001) of Maptek Pty Ltd estimated mineral resources for the Angas Prospect and classified them according to the Joint Ore Reserves Committee (JORC) Code. Volumes for the shoots were derived from 3-D solid modelling of +5% ZnE intercepts using Vulcan software - and multiplied by 4.45 t/m³ to yield tonnage. From the shallowest ore intercept at 40 m vertical depth, shoots were projected to within 12 m of the surface, acknowledging that this could include significant oxidised ore. Each shoot was assigned a ZnE grade by intercept-length weighting and bulk resource grades by volume/mass weighting of the shoots (Table 2).

Maptek also constructed a +1% ZnE envelope to 600 m depth, circumscribing a 3-4 million tonne zone corresponding with the immediate exploration target of Figure 3. DHEM data indicating off-hole conductors assisted to constrain the envelope boundary.

Equivalent grade modelling is useful in defining multi-metal deposit geometry but the net equivalent grade is not suitable for process considerations and financial evaluation. Therefore, average *individual metal grades* derived in the same manner and from the same intercepts as the resource ZnE grades are listed in Table 3.

Table 2

Indicated Mineral Resources	Tonnes	Zn equiv%
Hangingwall Shoot	470 000	23
Central Shoot	290 000	19
Total Rankine Deposit	760 000	21
Inferred Mineral Resources		
AN13 Shoot	110 000	16
AN21 Shoot	60 000	15
Total Inferred	170,000	16
Total Angas Zinc Prospect	**930 000**	**20**

Table 1: Rankine Deposit drill hole intercepts

Hole No.	m	from	Zn%	Pb%	Ag ppm	Au ppm	ZnE	Shoot
AN5	2.5	263.1	19.9	11.2	130	1.8	29.2	Central
AN9	2.4	378.8	17.2	5.9	79	1.6	22.8	Central
AN10	1.0	184	18.2	11.1	36	1.8	26.8	Central
AN12	1.7	496.9	22.0	12.3	190	2.0	32.6	Hangingwall
AN27	0.6	66.9	6.5	3.6	0	1.2	10.2	Hangingwall
AN29	14.4	191.8	22.0	4.8	33	0.5	25.3	Hangingwall
&	1.1	214.5	6.2	3.8	0	0.4	8.5	Central
AN35	1.5	64	7.1	4.5	30	0.5	10.1	Hangingwall
&	0.8	104.3	15.8	13.6	140	1.5	25.8	Central
AN36	1.4	80.8	4.5	0.5	14	0.2	5.8	Hangingwall
&	6.2	95.5	14.1	7.1	65	1.4	20.2	Central
AN37	11.9	44.8	13.4	3.0	27	0.4	16.2	Central

Metallurgy

Limited metallurgical testwork conducted on Central Shoot drill core composites from the AN5 and AN9 intercepts listed above, indicated that:

- magnetic separation shows the feasibility of pyrrhotite removal at high weight rejection and low zinc losses, although further optimization is required and;
- flotation tests on non-magnetics indicate a simple reagent suite and flowsheet will yield high grade products at good recovery.

Table 3

	Zn%	Pb%	Cu%	Ag ppm	Au ppm
Hangingwall Shoot	18	4.9	0.11	43	0.60
Central Shoot	15	5.7	0.35	54	0.98
Rankine Deposit	**17**	**5.2**	**0.20**	**47**	**0.74**
AN13 Shoot	11	4.6	0.30	61	0.64
AN21 Shoot	8.5	5.7	0.22	118	0.42
TOTAL	**16**	**5.2**	**0.21**	**53**	**0.71**

Trial Mining

A pre-feasibility scoping study prepared for Terramin in late 2000 addressed access to the Rankine Deposit to a depth of 45 m below ground level, for the purposes of:

- geological evaluation and obtaining a bulk metallurgical sample;
- trial mining and toll treatment of a 20,000 t parcel at a grade of 20% Zn and 4% Pb.

The exercise was predicted to be self-funding after sale of concentrates.

Open pitting was not investigated due to the mineralized zone lying immediately adjacent to currently used town effluent ponds. For underground development, about 100 m of driving in ore on each shoot was anticipated with 25 m crosscutting between shoots in waste. Shaft access with horizontal development by both mechanized and manual methods, plus decline access were evaluated. Waste rock would be used for back-fill in the existing quarry.

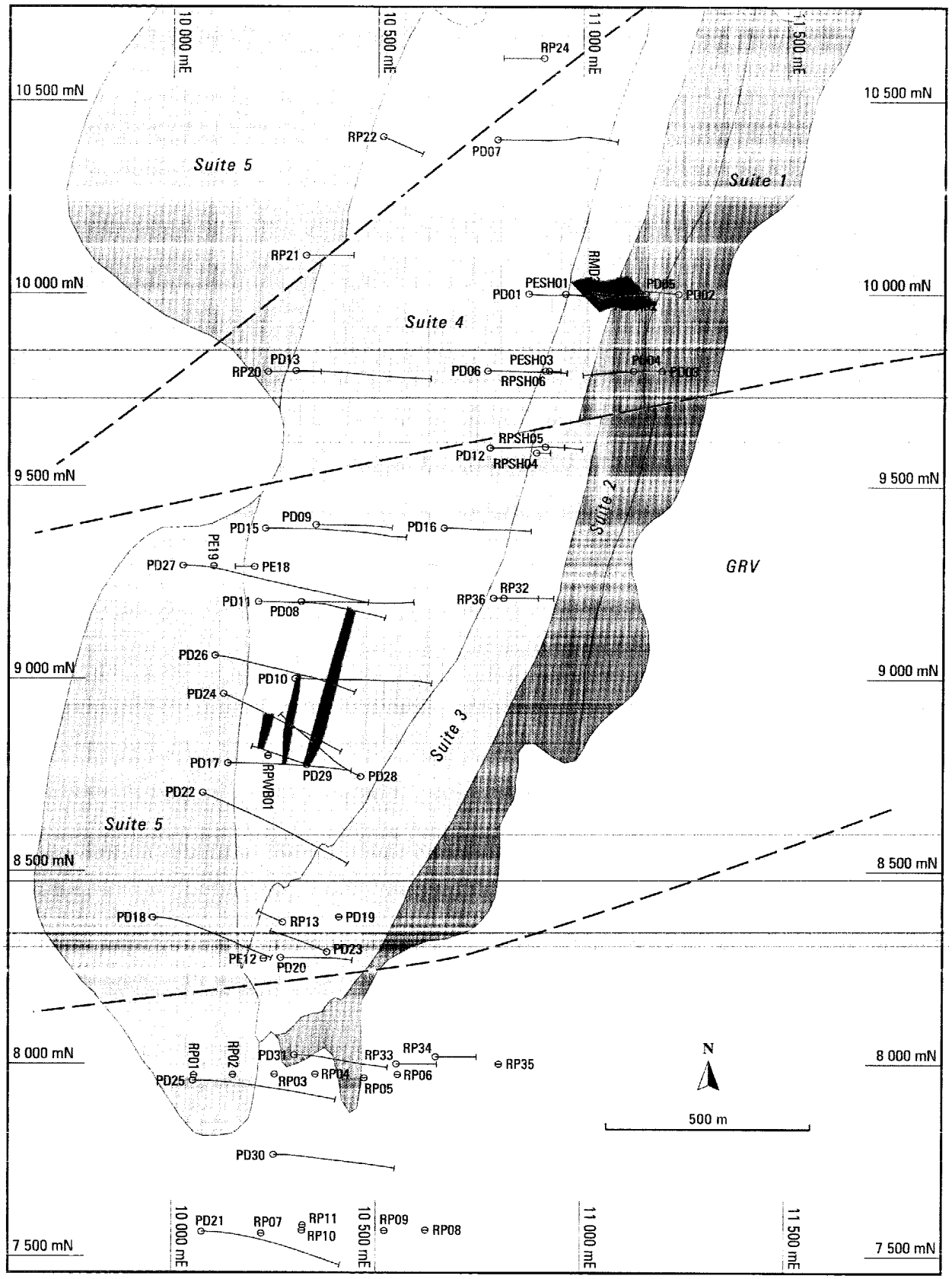
The manual option was indicated to be lowest cost but longest duration (26 weeks) for just this exploration phase. However, mechanical methods were anticipated to result in lower overall mining cost in the case of ongoing production.

At $1 million, decline access from a box-cut developed off the existing limestone quarry was 20% more economical than shaft/mechanized methods and had the shortest development time of 14 weeks. It would require less permitting and provide quicker, more flexible and safer access for underground exploratory drilling and other evaluation activities. Establishment of site services, some shallow drilling and supervision expenses bring total cost to $1.4M.

Table 4

	Unit	100,000 tpa	300,000 tpa
Concentrate Production			
Zinc	tpa	24,500	73,600
Lead	tpa	5,700	17,100
Capital Costs			
Geology & Metallurgy	$	1,000,000	1,500,000
Initial Mining Development	$	1,400,000	1,400,000
Site Works/Infrastructure	$	1,600,000	2,100,000
Processing Plant	$	11,000,000	19,000,000
		15,000,000	24,000,000
Operating Expenses			
Mining: includes geology/survey, etc	$/t ore	40	35
Ore processing: includes crushing	$/t ore	30	25
Zn concentrate transport	$/t conc	35	35
Pb concentrate transport	$/t conc	13	13
Ongoing Mine Development	$pa	700,000	1,000,000
Administration: includes tenements/option payments/ progressive rehab	$pa	500,000	500,000

Figure 4: Plan of the Hendrik Zinc Prospect showing projection of interpreted Suite 1 to Suite 5 rock units, drillholes and geology (after Higgins et al 1990). Refer to lithological table 5.



Conceptual Projects

Two conceptual 8-year projects have been considered:

- 100,000 tpa based on the presently estimated Rankine Deposit resource
  At 15% mining loss and 10% zero-grade dilution the current resource could yield:
  710,000 t at 15% Zn, 4.7% Pb, 42g/t Ag
- 300,000 tpa assuming the recoverable resource could be increased to 2M t at the same grade.

Based on the testwork, zinc recovery was taken to be 90% into a concentrate grading 55% Zn and 9.5% Fe. Lead recovery was 85% into concentrate grading 70% Pb and 500 g/t Ag. The ore is also anticipated to carry 0.2% Cu and 0.67g/t Au. It is uncertain where these would report in concentrates but copper is unlikely to be payable, while some gold payment may ensue. However, no gold credit was allowed, to offset possible unaccounted smelter penalties. Bismuth in lead concentrate is such a possibility. Due to the high-iron nature of the sphalerite and/or possible incomplete removal of pyrite/pyrrhotite, an iron penalty was included for zinc concentrate. Using indicative pricing from a custom smelter, net smelter returns (NSR) were 51% and 49% of contained zinc and lead metal value respectively, which are approximately midpoint in the historical range of 40-60%.

Preliminary economic modelling was then carried out at a range of metal prices and with:

- capital based around the scoping study estimate of
- approximately $11 million for a new 100,000 tpa plant at Angas, including crushing circuit
- mining and processing costs conservatively adapted from the scoping study.

Parameters used are detailed in Table 4.

Results illustrated that very significant enhancement would result from expanding the resource. Following further mining studies, it is now envisaged that , subject to achieving 2 Mt of recoverable resource, 200,000 tpa might be the target production rate.

MENNINNIE DAM

EL 2848, Menninnie Dam, is located approximately 130 km WSW of Port Augusta and 55 km north of Kimba, on northern Eyre Peninsula. It is on the YARDEA (SI53-3) 1:250 000 and Buckleboo (6132) 1:100 000 map sheets. The Gawler Ranges Native Title Claim No. SC97/7 and Kuyani Claim No. SC00/3 cover the region – see Solicitor's report elsewhere in this prospectus.

There are no National Parks or National Estate Areas within or adjacent to the tenement, which is on Nonning Pastoral Lease. The area is relatively flat at an elevation of approximately 220 m, immediately south of the Gawler Ranges and is used for sheep grazing.

There has been no prior mining on the property. The most significant nearby historic base metal workings were at the small Miltalie Mine near Cowell, 100 km to the SE. The major, currently operating, Middleback Range iron ore mines lie 70 km to the east in laterally equivalent host rocks.

Although not as advanced as the Angas Zinc Prospect, Menninnie Dam is the largest Zn-Pb-Ag sulphide accumulation yet identified in South Australia. It thus offers potential for the long term, following near term development atAngas.

Summary of Project History

The minerals division of a major international oil company discovered blind zinc-lead-silver(-gold) mineralisation at Menninnie Dam in 1981 while seeking Broken Hill style sedimentary-exhalative deposits. The immediate area is one of almost no outcrop but lies north along strike from outcropping banded iron formation (BIF).

Regional RAB drilling of linear aeromagnetic anomalies paralleling stratigraphy was followed up with ground magnetics, gravity and Sirotem surveys to define a 3 km x 1 km north trending anomalous zone. After drilling 6 percussion and 14 cored holes, the discoverer published an inferred resource to 300 m depth of 1.7 Mt at 8% Zn, 5% Pb, & 100 g/t Ag, for the area between 9 000 and 10 000 mN - local grid paralleling AMG.

Table 5: Correlation of lithologies with mapped stratigraphic units

suite 5	quartzo-feldspathic gneiss and schist	>150m	Yadnarie Schist
suite 4	calcsilicate with amphibolitic BIF	>500m	Upper Middleback Jaspilite
suite 3	calcitic marble	0-120m	Upper Middleback Jaspilite
suite 2	biotite-sillimanite-garnet schist, amphibolite	0-140m	Cook Gap Schist
suite 1	graphitic schist/gneiss, ankeritic dolomite	>100m	Lower Middleback Jaspilite & Katunga Dolomite

Alternatively, the whole of suites 1-3 may correspond to the Katunga Dolomite, suite 4 with Lower Middleback Jaspilite and suite 5, the Cook Gap Schist.

Aberfoyle farmed in to the project under the Wilcherry Hill Joint Venture late in 1988. A second potential zinc-lead-silver target was identified by low-grade RAB intersections at Telephone Dam, 15 km to the ESE but was not immediately pursued in favour of testing potential extensions at Menninnie southward below cover. By mid 1992, a further 18 core holes and 25 reverse circulation/open percussion holes had extended the strike of significant grade mineralisation to 2.8 km - and lower grade material to 3.7 km. Tentative estimates of tonnage and grade were made for the 2 km zone 8 000 to 10 000 N but it was felt that there was insufficient strike and dip continuity for the results to constitute resources publishable under the JORC code. Five further percussion holes subsequently sought shallow high-grade material but were unsuccessful.

Menninnie Dam was excised from the surrounding area in 1997. In 1998, significant gold intercepts were made at Weednanna, 10 km to the SSE of Menninnie. Neither this nor Telephone Dam is included in the area under discussion. Aberfoyle was acquired by Western Metals in 1998. In 1999, Menninnie drilling data were digitally captured, reviewed and partially reinterpreted. Subsequently, Western Metals acquired 100% of Menninnie Dam and relinquished interest in the surrounding area. Aggregate expenditure to date is estimated to be $5 million.

Regional Geology

Menninnie Dam lies within the Cleve sub-domain of the Archaean to Mesoproterozoic Gawler Craton. The Cleve Sub-domain constitutes most of the eastern half of Eyre Peninsula and is bounded by the Coulta and Moonta Sub-domains on the west and east respectively. To the north, it is concealed beneath Mesoproterozoic Gawler Range Volcanics (GRV) and pre-Adelaidean continental sediments of the Carriewerloo Basin.

type	designation		number	avg depth	total
pre-collared core	PD	01-32	32	483	15 445
RC or open-hole	PESH/RPSH	01-06	6	102	613
percussion	PE/RP	01-36	36	188	6 761
water bore	RPWB	01	1		72
Total			75		22891

Within the Cleve Sub-domain, mixed chemical/clastic metasediments and minor volcanics of the Palaeoproterozoic Hutchison Group unconformably overlie Archaean to earliest Proterozoic garnetiferous, gneissic basement of the Sleaford Complex and Miltalie Gneiss.

The Hutchison Group was intruded by pre- to syntectonic granitoids of the Lincoln Complex and was multiply deformed and metamorphosed to upper amphibolite facies grade, during the Kimban Orogeny at the close of the Palaeo-proterozoic. It was subsequently intruded by feeder dykes to the unconformably overlying GRV and by co-magmatic Hiltaba Suite granitoids.

The Hutchison Group is divided into the basal Warrow Quartzite, central Middleback Subgroup and an upper unit of Yadnarie Schist/Bosanquet Formation. The Middleback Subgroup is further divided into Katunga Dolomite, Lower Middleback Jaspilite, Cook Gap Schist and Upper Middleback Jaspilite. Regional facies variation is evident in the subgroup BIFs, from carbonate dominant in the west to iron oxide dominant in the east.

Local Geology

The original discovery at northern end of the prospect is located in an Hutchison Group inlier, manifest as an open bluebush plain. It is within but near to the southern limit of GRV outcrop. To the south, relatively flat-lying subcropping GRV overlie Hutchison Group to steadily increasing depth – circa 350 m. They include lavas, intrusives, ignimbrites and breccias that often contain a high Hutchison Group component. These areas are characterized by moderate to dense mallee/myall scrub.

Mineralisation has no surface expression, being covered by up to 60 m of kaolinitic overburden with silcrete and calcrete development to 10 m from surface, or volcanics. Base of weathering is typically at about 100 m but varies between extremes of 8 and 310 m due to a deep weathering trough over the carbonate units.

Within the prospect area, the near vertical but overall west dipping Hutchison Group sequence has been divided into five suites above the Warrow Quartzite on the east . These may correlate with the formal stratigraphic units as shown in Table 5.

The contact between suites 4 and 5 is a major N-S fault, which dips steeply to the east. A 'dirty chert unit' (hydrothermally altered suite 5) is recognized locally in association with the fault and there appears to be a narrow but persistent zone of mineralisation parallelling this structure on the east side. The base of suite 4 is marked by a distinct magnetic BIF marker bed, which can be traced for more than 2 km. Wollastonite (calcium silicate) is present near the top of suite 3. At least one retrogressive metamorphic event is recognized by the presence of green biotite, green hornblende, serpentine and chlorite replacing earlier high-grade assemblages.

Strike correlation of both stratigraphy and mineralisation between the ~200 m spaced drill sections is tenuous. Large-scale folds have not been identified but small-scale folds and crenulations are evident in core. An array of NW faults with south-side up/dextral displacements of less than 100 m have been proposed and NE oriented dislocations are also evident in ground magnetic data.

Saline groundwater is abundant – to the extent that a number of percussion holes had to be abandoned due to water flows in areas of thick GRV cover. The single (drilling) water bore has a yield of 3 l/s but at 25 000 ppm total dissolved solids is too salty for stock consumption.

Drilling totals 23 000 m in 75 holes, of which one third (26) were vertical, 37 inclined easterly and 12 westerly, at depressions in the range 45-70° and most commonly 60° – Figure 4.

Holes south of 6 700 N did not penetrate GRV and therefore, despite five percussion holes to 4 000 N, the prospective sequence has not been tested here but shown to be deeper than 200 m. All 32 core holes intersected prospective Hutchison Group.

Mineralisation

Mineralisation of significant grade commonly occurs in clusters of 0.5 m wide bands, consisting of massive pyrite, sphalerite, galena and minor chalcopyrite. Starting 200 m above the base, suite 4 may host four such zones, in which the immediate host rocks to mineralisation are dolomites. There are also at least two similar mineralised zones in the upper half of suite 3. All clusters appear to be less than 20 m thick. There is a tendency for increasing grade up-dip, particularly for silver. This suggests potential for higher grade material in the sparsely tested 100 to 300 m depth interval. However, sulphides persist in weathered host rock and it is likely that such material is partially oxidised, higher grades being due to secondary enrichment.

Table 6:
Menninnie Zinc Project intercepts > 1m at 5% zinc equivalent

Hole ID	from	length	ZnE	Zn	Pb	Ag	Cu
PD 8	223.5	2.3	17.0	14.0	5.4	117	0.03
	233	3.4	9.2	5.2	7.3	67	0.08
PD 9	132.1	1.7	5.7	5.4	0.6	28	0.09
PD 11	372	1.8	15.6	12.7	5.2	40	0.09
PD 16	261.8	1.7	27.5	16.2	20.3	110	0.23
	304.7	1.5	37.2	26.1	20.0	137	0.18
PD 17	241.5	3.1	18.7	10.5	14.8	82	0.17
	341.9	2.9	14.2	6.2	14.3	55	0.09
	364.4	10.8	6.6	5.2	2.5	29	0.02
	397	2.6	7.4	5.3	3.8	48	0.05
	407.3	2.6	7.7	3.8	7.1	96	0.16
PD 19	466.8	4.3	27.7	17.9	17.7	90	0.17
PD 24	231.6	16.3	6.3	3.3	5.3	51	0.07
	334	15.1	6.4	4.6	3.4	32	0.05
PD 25	535.7	1	7.7	5.3	4.4	41	0.04
PD 28	337.6	16.6	11.8	9.6	3.9	30	0.04
	514	1.1	5.1	3.1	3.6	17	0.09
PD 29	278.5	1.5	25.1	14.7	18.8	9	0.00
PD 30	418.2	2.6	16.7	11.9	8.6	15	0.40
PE 15	180	2	10.0	8.6	2.6	18	0.23
PESH 3	79	3	11.0	8.9	3.8	78	0.00
Weighted Avg.	317	4.6	11.0	7.6	6.2	48	0.08

Host rock-sulphide contacts are normally sharp but, where brecciated and sheared, mineralized zones may have more diffuse boundaries often with wispy vein pyrite. Pyrite is commonly finer grained than the other sulphides. Milled breccias of 0.5 cm fragments in a groundmass of both gangue and sulphides are common. Some sulphides show evidence of metamorphism such as polygonal textures and chalcopyrite exsolution from sphalerite along cleavages and sub-grain boundaries. Conversely, textures such as euhedral sphalerite are indicative of low temperature deposition. Bent cleavages in galena are evidence of deformation.

Low-grade veinlet and breccia mineralisation in suites 1 and 2, particularly near unit boundaries, has been ascribed to retrograde metamorphic events. Around 8 000 N a significant flat-lying zone of partially oxidised sulphidic clay and sulphide-clast breccia occurs at the base of the kaolin zone overlying suite 3 in particular. This has been proposed to be an eruptive GRV unit constituting evidence that mineralisation is Mesoproterozoic in age and thus of replacement origin in the Hutchison Group. However, other alternatives are equally possible on the available data e.g. inclusions of mineralised Hutchison within GRV or a palaeo-regolith of mineralised Hutchison Group. Isotopic studies have been used to argue in favour of both syngentic and replacement origin. Thus, as for most sulphide deposits in deformed metamorphic terrains, genesis is contentious. All that can be said unequivocally is that major zones are stratabound - i.e. correlatable mineralisation is restricted to certain stratigraphic horizons.

At a cut-off grade of 5% Zn equivalent (where ZnE = Zn% +Pb%/1.8) there are a total of 73 continuous intercepts in 16 core holes and 2 percussion holes. Length-weighted average grades, over an aggregate 96 m, are 9.3% Zn, 7.1% Pb, and 58 ppm Ag. At 1% ZnE cut-off, this rises to 208 intercepts in 26 core and 13 percussion holes, for an aggregate 641 m but average grades reduce to 2.6% Zn, 1.8% Pb and 19 ppm Ag. This clearly demonstrates the pervasiveness of thin and/or low grade mineralisation.

Plus 5% ZnE intersections of greater than 1 m downhole length, aggregating 98 m are restricted to 10 core and 2 percussion holes. These are listed in Table 6, amalgamated where appropriate with a maximum of 3.3 m included sub-grade material. Due to low intersect angles, the true thicknesses of intercepts, sub-grade and aggregate lengths may be only half of the widths presented here. Average depth of these intercepts is 320 m downhole or about 275 m below surface. The shallowest intercept is at 80 m and the deepest at 536 m. Zn/Pb ratio is 1.2:1 - cf., 1.5:1 overall and 3:1 at Angas.

Assaying

Assay values derive from three sample types:

- percussion drill cuttings (in 2 m intervals)
- core grinds (Hutchison Group lithologies not visibly mineralised)
- sawn quarter or half core (where visibly mineralised)

All samples were assayed for Zn, Pb, Ag, Cu, Fe and Mn at reputable commercial laboratories in Adelaide - early material at Classic Comlabs and Aberfoyle samples at Analabs. Digestion was by aqua regia/perchloric acid with hydrofluoric acid also for higher grade samples and analysis by AAS. Aberfoyle carried out assay checks both at Classic and in-house. Zinc and lead repeatability was excellent but there was some suspicion that silver values could be up to 20% high.

Three holes have also been tested for gold by fire assay fusion with AAS finish. Hole PD06 returned 0.45, 0.4 and 0.3 g/t Au in association with high grade (>20%) Zn+Pb. PD26 returned anomalous gold, to a maximum of 0.1 ppm in association with highly sericite + silica altered lithologies in suite 5. PD27 returned overall much lower values.

Metallurgy

There has been no metallurgical test work on Menninnie ores. However, the simple mineralogy and relatively coarse grain size of both sulphides (0.1-1 mm) and gangue, suggest good recovery at high grades by conventional flotation methods. Due to virtual absence of pyrrhotite - not identified in 167 polished sections of mineralisation from all 32 core holes - the magnetic separation step proposed for pyrrhotite removal from Angas ore, would not be required here. There is no record of the presence of significant levels of potential penalty elements such as bismuth to date. Dominance of soft marble and calc-silicate gangue minerals suggest that crushing and grinding costs would be relatively low.

EXPLORATION PROGRAM

Fleurieu

Terramin has budgeted up to $3.2 million to further evaluate its zinc projects as follows.

The Fleurieu tenements consist of three contiguous Exploration Licences including:

- the Angas Zinc Prospect, a high-grade Zn-Pb-Ag(-Au) discovery with indicated resources and;
- 900 km^2 of surrounding ground, prospective for significant deposits of three principal local ore types, small to medium exhalative Zn-Pb-Ag, stockwork Cu (-Au) and metamorphic hydrothermal Au.

Additional resources will be sought both as extension/ repetition of known deposits and as independent occurrences further afield.

Angas Zinc Prospect

With the model of mineralisation now available, the likelihood of significantly expanding the Rankine resource by in-fill drilling, is considered very high. Objective is to at least double the resource and reach measured status while providing varied material for comprehensive bench-top metallurgical testing. The immediate area surrounding the Rankine Shoots will be tested to around 300 m depth in a drilling programme beginning at the un-closed northern margin. The AN13 (repetition) and AN21 (east) shoots, together with other areas AN1 (south) where previous drilling intersected massive sulphides, will also be evaluated.

Induced Polarisation surveys have been shown to detect the mineralisation and will be employed to define drill targets within the prospective zones. These include the northern geochemical/geophysical anomalies and the southern end of the old Strathalbyn Mine, where mining records describe a Zn-Pb lode up to 4 m thick at 50 m depth. Each of these areas has the potential to host ore shoots similar to the currently outlined Rankine resource.

On reaching a target of 2 million tonnes of high grade resource, it is proposed to proceed to a definitive feasibility study and development proposal.

Fleurieu Regional

Terramin is planning extensive use of gravity surveys to target the garnet envelopes associated with both Angas and Kanmantoo style mineralisation.

Kanmantoo and other nearby copper (-Au) occurrences represent subsurface deposition as opposed to the sea floor exhalation of Zn-Pb bearing deposits in the district. Most of the mineralisation occurs in veinlets, within shoots which are discordant to enclosing sediments. The Kanmantoo ore lenses are contained within a north plunging pipe-like chloritic envelope, thought to constitute an alteration halo to a stockwork vent system.

The alternative suggestion that they are late metamorphic segregations is contrary to evidence that the sulphides are metamorphosed and deformed. Note that despite its significant ore tonnage, Kanmantoo still only had a maximum horizontal dimension of 180 m.

The Angas-Wheal Ellen magnetic/stratigraphic trend in the centre of the area has already been mentioned. It is a prime target along its entirety, for deposits of both the Angas and Kanmantoo types. Prospectivity will be enhanced by further success at Angas and it is planned that the particularly gold anomalous Strathburn Prospect 3 km north of Angas, will be subjected to detailed work including gravity, ground magnetics and geochemistry in year 3.

Recent promising exploration results for Olympic Dam style copper-uranium-gold mineralisation in the Gawler Craton and Terramin's own projects in that vicinity (see Geosurveys report, this prospectus) have re-focused attention on coincidence between major gravity lineament corridors and mineral deposits. In addition to the well-known association of G2 with Olympic Dam, the historic Mount Gunson, Kapunda and Kanmantoo copper deposits are located along this trend. So too are the Birdwood Goldfield and Mount Torrens Pb-Zn Prospect and G2 has also been promoted in relation to diamonds. The corridors are thought to reflect major fracture systems, which have been active over long periods and thus have the potential to tap metals from deep within the crust. A feature within the Fleurieu Project area (corresponding with the centre of G2), which may be significant in this context, is the Bremer Fault, which extends over 100 km from Kapunda in the north to the south coast – Figure 1.

BUDGET ESTIMATES	**$**
Angas Resource upgrade:	
geophysics; drilling; assay; metallurgy	1,000,000
Angas feasibility:	
mine planning, reserves estimates; leases; project concept design; operating/capital cost estimate	850,000
Bankable feasibility:	
Optimisation and value engineering; metallurgical pilot; contracting specifications	650,000
Exploration:	
Mennninnie Dam; Monarto syncline; South Warla - Harriett Hill	750,000
TOTAL	**3,250,000**

Five kilometres south of Harrogate, the fault becomes [illegible] scarp adjacent on the east for 20 km to Bremer Hill. Most of this section is about 1 km to the west of (outside) the northern pedicle of EL 2839. Roughly parallel to it and 2 km within EL 2839 is a chain of at least six old gold-arsenic(-Cu) workings. All are hosted by shears at a low angle to strike within Tapanappa Formation, along a magnetic trend on the western flank of the Monarto Syncline. Frahns Prospect in the south is associated with garnetiferous mica schist. At Preamimma, a shaft has been sunk to 90 m on a 3-4 m, steep SSW dipping lode with quartz veining and accessory tourmaline. Early production was of copper carbonates and later arsenic sulphide carrying minor gold. A 2 kg composite sample of quartz-rich dump material collected in 1997 returned 6 g/t Au. Systematic, residual soil/RAB/MMI geochemical sampling, with emphasis on gold, is planned to define targets in this essentially unexplored area.

From where the fault crosses the freeway just south east of Callington, it traverses EL 2839 for 4 km. Another major Australian mining company had earlier identified the Freeway Prospect immediately east of the fault in this area. Anomalous stream geochemistry was followed up to define anomalous Pb-Zn in residual soils on the western flank of a magnetic high and drill hole 81FWP1 returned 4m at 0.43% Zn. The FJV subsequently expanded the area of interest 2 km to the south in subcropping pyritic schist, returning up to 1% Pb–Zn in rock chip samples to define the Warla Prospect. Drilling returned only 8 m at 0.12% Zn. However, the geochemical anomaly is open to the south, soil sampling having been abandoned well north of Bremer Hill due to increasing transported cover of alluvium and aeolian sand.

From Bremer Hill, the fault continues southward through EL 2677 (11 km) under approximately 25 m of Murray Basin cover. It defines the western margin of the Harriett Hill magnetic feature before passing just east of Langhorne Creek to Lake Alexandrina. The Harriet Hill complex has a magnetic signature very similar to the area north west of the Kanmantoo Mine, albeit more subdued. It reflects a tightly folded and faulted section of magnetic Tapanappa Formation with potential to include Angas Garnet Member. Attention was first focused on this area by airborne INPUT anomalies defined by the second Australian major above. Sixteen 16 percussion holes were drilled by a third Australian major in 1992-3, following ground magnetics, EM and gravity surveys. Up to 8 m at 0.4% Pb+Zn was intersected and untested off-hole conductors were defined by downhole EM. With repetition resulting in many kilometres of implied strike, this anomalous area remains under-explored. It is prospective for both Angas and Kanmantoo style mineralisation. Further percussion drilling will be carried out following detailed review of earlier work.

Menninnie Dam

The Menninnie Dam Project consists of a single 8 x 15 km Exploration Licence to which the defined 4 x 1 km mineralised zone is central. Annual expenditure commitment is $40,000.

It is proposed that selected existing drill sample pulps be assayed for gold. The few gold results available suggest that mineralization overall may contain of the order of 0.25 g t Au. However, this needs to be confirmed, particularly in view of the subsequent discovery of the nearby Weednanna gold prospect, which evokes the possibility of much higher local gold grades.

Drilling to date has reduced the likelihood of a mineable body of tens of millions of tonnes to a depth of 500 m, within the area covered. There may still be potential for large bodies at greater depth and along strike but, due to the high cost of deep drilling it is intended to first pursue greater definition of the already identified mineralisation. The objective is to achieve greater understanding of mineralisation geometry and controls to define high grade zones totalling several million tonnes.

Intercepts in holes PESH02, PD05 & PD02 on line 10 000 N define a 3 m thick east-dipping zone of probable north westerly strike with exploration potential. Mineralization in these holes is low grade (~3% ZnE) but RAB hole RMD31, up dip from them in weathered host rock, returned 5 m true thickness at 13% Zn, 9.6% Pb, 370 g/t Ag and 0.4 g/t Au.

The possibility that the mineralisation in the area of best intercepts between 8 600 and 9 200 N has similar orientation will be examined. MIMDAS style IP and electromagnetic surveys, which have the potential to detect mineralisation beneath the relatively conductive weathered zone, will be conducted to guide further drilling.

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GEOSURVEYS
Australia Pty Ltd

26 October 2003

Dr K. Moriarty
Executive Chairman
Terramin Australia Ltd
5/93 Childers Street
NORTH ADELAIDE SA 5006

Dear Sir,

RE: GAWLER CRATON PROJECTS – INDEPENDENT GEOLOGIST'S REPORT

Geosurveys Australia Pty Ltd was commissioned by Terramin Australia Ltd to provide an Independent Geologist's Report on its projects in the eastern and northern Gawler Craton. The report has been prepared for inclusion in a Prospectus to be dated on or about 11 November 2003 to raise up to $6 million by the issue of 30 million shares at 20 cents each.

Geosurveys Australia Pty Ltd is an independent mineral exploration, natural resources and geological mapping company, which has been providing consulting services to the local, national and international mining industry since 1993. The principal author of the report was Dr A. John Parker who is a professional geologist and geophysicist with over 30 years experience in the geology and mineral resources of the Gawler Craton and who compiled the Tectonic Framework and Palaeoproterozoic chapters in the *Geology of South Australia*. Dr Parker is a Member of the Australian Institute of Geoscientists and this report has been prepared in accordance with the standards and codes of that association.

Contributions were made to this report by:

- Richard B. Flint (over 30 years Government and industry experience both locally and internationally with extensive experience in the Gawler Craton and compiler of the Mesoproterozoic chapter in the *Geology of South Australia*)
- Thomas E. Mayer (over 25 years industry experience throughout Australia with CRA Exploration Pty Ltd, Homestake Australia Ltd, North Flinders Mines Ltd and as an independent consulting geologist)
- Barry J. van der Stelt (over 10 years Government and industry experience in South Australia and Zambia including compilation of the original Stuart Shelf GIS data set)

The assessment of the geology, previous exploration and mineral potential of Terramin Australia Ltd Gawler Craton projects was based on the knowledge and experience of the principal author and other contributors combined with information publicly available from open file Envelopes and GIS data sets provided by Primary Industries and Resources, South Australia. The original report was prepared in early 2002 but has been updated with data from exploration undertaken on behalf of Terramin Australia by AXG Mining Ltd in 2002-03.

Two of the principle authors (AJP and RBF) have previously visited and mapped in the region of and immediately surrounding the Gawler Craton tenements. None of the tenements contain any significant outcrops of Precambrian rock. Therefore, no field inspections were carried out in preparation of this report.

Neither Geosurveys Australia Pty Ltd nor the authors of this report have any material interest in current mineral tenements held by Terramin Australia Ltd. The relationship between Geosurveys Australia Pty Ltd and Terramin Australia Ltd is solely one of a professional association between client and consultant. The report was prepared in return for professional fees based on a per diem rate and out of pocket expenses.

Yours faithfully,

Dr A. John Parker
Director and Chief Geologist

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INTRODUCTION

The Copper Gold projects are located in the Gawler Craton north and northwest of Port Augusta in northern South Australia. Tenure comprises four Exploration Licences (ELs 2969, 2970 2987 and 3039) for a combined total area of 2710 km^2.

Access is provided regionally by the sealed Stuart Highway that extends between Port Augusta and Alice Springs, whereas a network of unsealed roads and station tracks provides access to and within the various tenements. The Tarcoola-Alice Springs railway goes north through the Ingomar project area and passes 60 km east of the National Trig tenement.

The region is semi-arid to arid, and pastoral properties stock sheep and cattle that graze on saltbush, bluebush and annual grasses. Much of the region is covered by extensive sparsely vegetated sand dunes and spreads.

GEOLOGICAL SETTING

The project areas are situated within the eastern and northern parts of the oval-shaped Gawler Craton, a large stable crustal block consisting of late Archaean to Mesoproterozoic crystalline basement rocks that have undergone no significant deformation since about 1500 Ma. Major sequences/complexes include the crystalline Sleaford and Mulgathing Complexes (Archaean), the Palaeoproterozoic Hutchison Group metasediments, Lincoln Complex granitoids, Myola Volcanics, Broadview Schist and Wallaroo Group (including Moonabie Formation volcaniclastics, Doora Schist, Wandearah Metasiltstone, Moonta Porphyry, Eba Formation, Labyrinth Formation and Tarcoola Formation) and the Mesoproterozoic Gawler Range Volcanics, associated Hiltaba Suite granite intrusives and continental sedimentary sequences including the Pandurra Formation (Drexel et al., 1993; Daly et al., 1998). Major tectonothermal events were the late Archaean to earliest Proterozoic Sleafordian Orogeny, Palaeoproterozoic Kimban Orogeny and late Palaeoproterozoic to earliest Mesoproterozoic Kararan Orogeny.

At ~1590 Ma, mantle upwelling beneath the thick lithospheric plate of the central and eastern Gawler Craton resulted in intrusion of mafic plugs, extensive anorogenic partial melting of the lower crust, subaerial felsic and minor mafic volcanism (Gawler Range Volcanics), emplacement of granite batholiths and plutons (Hiltaba Suite) and formation of the huge Cu-U-Au-Ag-REE Olympic Dam deposit (Flint in Drexel et al., 1993). Formation of smaller but extensive Cu-Au deposits and associated alteration in the Moonta-Wallaroo district are attributed to tectonic structures and geological features associated with this event.

Hydrothermal alteration is pervasive throughout the Moonta Subdomain extending northwest under the Stuart Shelf to at least the Mount Woods Inlier. Alteration is manifest as widespread albitisation and haematite-magnetite, sericite, epidote and silica veining and replacement often closely associated with mineralisation. The Ingomar project area is located on the southern and western edges, respectively, of the basement domains of the Coober Pedy Ridge and Mt Woods Inlier. The National Trig project is situated further to the northwest and lies over the western part of the Mabel Creek Gravity High.

The faulted eastern margin of the Gawler Craton, the Torrens Hinge Zone, is clearly defined by a deep-seated crustal structure extending along the length of Lake Torrens then northwest adjacent to the Peake and Denison Inliers. The Torrens Hinge Zone was active during deposition of Neoproterozoic and Cambrian sediments in and adjacent to the Adelaide Geosyncline (Preiss, 1987).

Neoproterozoic and Cambrian sediments straddle the Torrens Hinge Zone along the length of the eastern Gawler Craton (Lake Eyre project). West of the Torrens Hinge Zone, remnant Neoproterozoic sediments of the Stuart Shelf are flat lying and, when present, form only a thin veneer over basement. However, these sediments thicken rapidly into the Adelaide Geosyncline to the east where they were deformed during the Cambro-Ordovician Delamerian Orogeny. On the northwest margin of the Gawler Craton, basement is overlain by Neoproterozoic to early Palaeozoic Officer Basin sediments that rapidly thicken across the northeast-trending Tallaringa Fault.

In the region of the project areas, there are local intracontinental Permo-Carboniferous basins with local coal seams and a widespread but relatively thin blanket of Mesozoic sediments of the Eromanga Basin. Aeolian, lacustrine and fluvial Cainozoic sediments and regolith form a thin blanket over most of the project areas.

PREVIOUS EXPLORATION ACTIVITY

Previous exploration activity within the immediate tenement areas has been modest. A full Listing of previous Exploration Licences and licensees that at least, in part, overlap with the region currently held by Terramin Australia Ltd was compiled and reviewed. However, some previous exploration activities were either peripheral to the current area of interest or did not involve drilling; only the more significant exploration results are summarised below.

Lake Eyre

The Lake Eyre EL 2970 comprises two separate projects: Halligans Bay and Prominent Hill (the latter not to be

confused with the Prominent Hill discovery by Minotaur Resources Ltd. The geology of the region comprises mainly thin Cainozoic sediments overlying Mesozoic sediments of the Eromanga Basin. There is no basement outcrop within the EL.

Mount Isa Mines Ltd

Based on aeromagnetic data from the SA Department of Mines and Energy (now PIRSA) exploration initiative in 1995-97, MIM identified several major fault or lineament intersections. However, semi-automatic dyke modelling generated depths to basement that were considered too deep for follow-up work. Distinctive magnetic anomalies in the Prominent Hill tenement were estimated to be at least 250m deep and maybe >500 m deep. Likewise the dyke-like anomaly immediately south of Halligans Bay was also estimated to be at least 250m deep.

Dampier Mining Co Ltd and BHP Minerals Ltd

Dampier Mining in 1977-79 and BHP Minerals in 1983 drilled 3 deep exploration holes west and northwest of Halligans Bay. Although outside Terramin's tenements, the holes are significant in that they intersected hydrothermally altered basement below up to 400 m of Mesozoic sediments. The holes were sited on coincident gravity-magnetic anomalies within a complex zone of metasediments and granite intrusives trending southeast towards Halligans Bay and Prominent Hill tenements.

Other

Other exploration in the Halligans Bay area included analysis and interpretation of NOAA-AVHRR satellite imagery for kimberlites and celestite associated with old palaeo-drainage features (Carnegie Minerals NL). Celestite (strontium carbonate) is common around the margins of Lake Eyre. Comalco Ltd looked at Lake Eyre for sodium carbonate and Aquitane Australia undertook a gravity and ground magnetic survey over the Lake Callara gravity anomaly just south of Prominent Hill ELA but did not drill it.

National Trig

EL 3039 (National Trig) covers part of the Mabel Creek Gravity High, a major ENE-trending gravity ridge associated with strong magnetic features. To the south, the Tallaringa Trough separates the Mabel Creek Gravity High from another major elevated gravity - magnetic zone, the Coober Pedy Ridge. Proterozoic/Archaean basement responsible for the elevated gravity and magnetic terrane within the project area is covered by a moderate thickness of Palaeozoic to Quaternary cover. Based on limited previous drilling within and near the project area, it appears that depth to basement ranges generally from 150m to 230m, but locally it can be in excess of 450m.

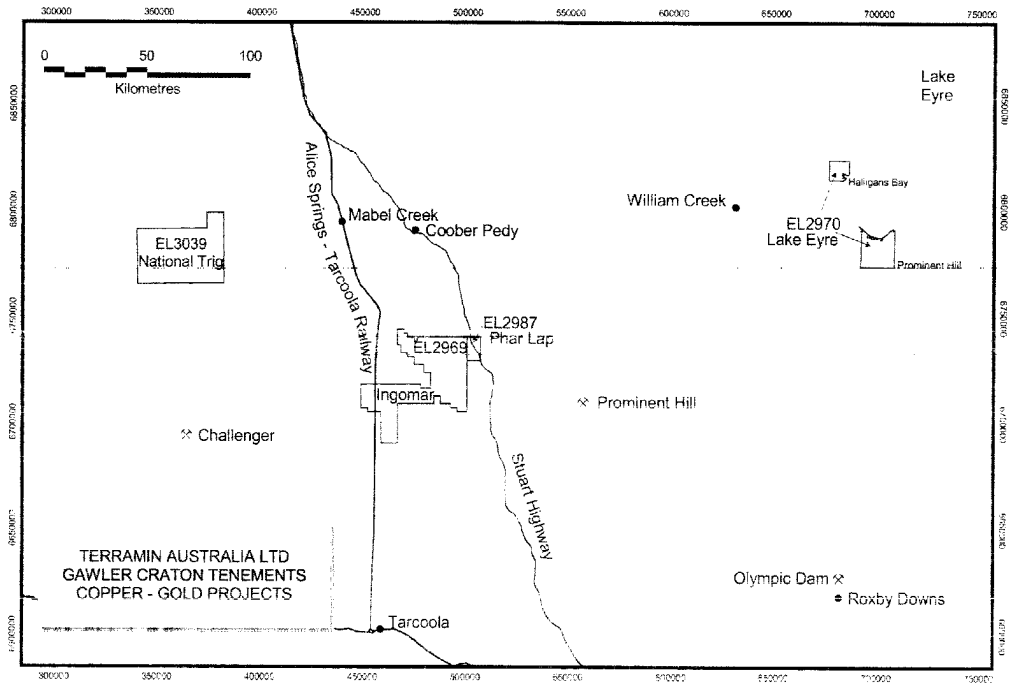

Figure 1: Gawler Craton tenements -Copper-Gold Projects

The South Australian Department of Mines and Energy (SADME) drilled Wallira 2 located 12 km SSE from the SE corner of ELA. This hole intersected Mulgathing Complex granite gneiss in a short interval at the base of the hole (334.5 to 335.58m).

During the 1970s and early 1980s, several companies (BP Minerals Australia Pty Ltd, Santos Ltd, Shell Development (Aust) Pty Ltd, BHP Minerals Ltd, Southern Cross Exploration NL, Gulf Resources NL and Meekatharra Minerals Ltd) explored the National Trig area for coal. A further indication of the extent of cover over the basement is given by the fact that no holes drilled by these companies intersected basement within the project area. Holes ranged in depth from about 50-150m.

Since 1980, exploration emphasis has been largely on base metals, uranium and gold, particularly on Olympic Dam style mineralisation. In addition there has been some exploration for iron ore, diamonds, nickel and trona. The main exploration activities are summarised below.

Amoco Minerals Australia Co.

Coincident gravity and magnetic anomalies on the Mabel Creek Gravity High near Paragon Bore, northeast of the National Trig area, were tested for Olympic Dam style mineralisation with 5 vertical diamond drill holes. The holes intersected Palaeoproterozoic basement including a substantial thickness (>140m) of banded iron formation. No anomalous geochemical assays were returned. Depth of cover ranged from 152 to 188m.

WMC Ltd

WMC Ltd sought stratiform or Mississippi Valley type deposits within the Cambrian Observatory Hill Beds to the west of the EL where the Palaeozoic cover onlaps the ENE trending Mabel Creek basement ridge. Gravity and ground magnetic traverses were undertaken over areas interpreted to have a relatively shallow depth to basement. 10 drill holes totalling 2215m did not intersect anomalous base metal values.

CRA Exploration Pty Ltd

Substantial exploration over the Mabel Creek Gravity High and the Coober Pedy Ridge by CRA Exploration Pty Ltd between 1986 and 1990 targeted Olympic Dam style mineralisation, iron ore and diamonds. Work included airborne magnetic and radiometric surveys, aerial photography, a regional gravity survey, follow-up ground magnetic, gravity and Sirotem surveys, diamond drilling and percussion drilling. No drilling appears to have been undertaken over the National Trig area, but diamond drill hole DD88TN2 is located only 8.5 km east of the eastern boundary of EL 3039. DD88TN2 was drilled to a total depth of 319m and intersected Mulgathing Complex basement at 192.2m (166m vertical depth). Basement rock types consisted of a sequence of gneisses: a metamorphosed calcareous sedimentary sequence with variable amounts of quartz, garnet, magnetite (BIF), biotite and pyroxene, and quartzite.

BHP Minerals Ltd

BHP Minerals undertook exploration for Olympic Dam type mineralisation and coal in the area in 1981-82, completing an airborne magnetic survey, ground magnetic and gravity surveys, and drilling 2 holes. TW2 was a coal exploration hole sited over a gravity low, approximately 3 km east of the eastern boundary of the EL, and targeting the upper part of the Permian Mount Toondina Formation. The hole was terminated at 174m without intersecting significant coal seams.

Further exploration in the area was undertaken by BHP Minerals Ltd between 1991 and 1995. Targets included Broken Hill type Pb-Zn-Ag and epigenetic Cu-Au mineralisation in deeply covered Palaeoproterozoic rocks. The programme comprised aeromagnetic interpretation, depth to basement studies, anomaly selection, ground magnetics, RC drilling (11 holes, total 2290 m), diamond drilling (1 hole, 224 m), bedrock geochemical analysis, and geological and geochemical evaluation. Drilling of magnetic targets intersected quartz-magnetite rock (BIF) and magnetite-rich granite, but no anomalous geochemical values were returned.

Within the boundaries of EL 3039 only one RC hole intersected basement. Drill hole CR9214, near Derelict Bore, penetrated basement from 234m to 264m TD. The basement rocks consisted of quartz-magnetite BIF and variably graphite-altered gneiss. Other holes to the east of the current EL 3039 intersected basement typically between 120m and 212m.

Normandy Exploration Ltd

Normandy Exploration Ltd conducted exploration over part of the area and adjacent ground to the east and south between 1995 and 1997. Following completion of a ground magnetic survey, three ironstone-skarn targets around the margins of interpreted Hiltaba Suite granites were tested by RC drilling (13 vertical holes, total 2436m). The areas drilled lay approximately 10 to 20 km east of the eastern boundary of the EL. Most holes intersected 60 to 80m of basement, from depths of 152 to 181m. The basement consisted of high-grade metamorphic rocks including mafic to felsic gneisses, quartzite, metapelite, BIF and granite. Variable magnetite was noted within the gneisses and quartzite. Minor sulphides (pyrite, pyrrhotite and chalcopyrite) were recorded in one hole

(MABEP1A). The best assay result was 2m at 18ppb Au and 1200ppm Cu.

It was concluded that the magnetic anomalies were due to the presence of magnetite in BIF rather than hydrothermal alteration of Olympic Dam style.

Exploration by Normandy over EL 2123, which includes most of EL 3039, included a ground magnetic survey and orientation calcrete sampling over an aeromagnetic target. No anomalous geochemical values were returned. Depth to basement was interpreted to be between 100 and 300 m. No drilling was undertaken.

Ingomar

The Ingomar Project (EL2969 and 2987) is central to an area that has undergone more extensive exploration for various commodities, including coal, base metals, gold and diamonds. However, much of the exploration was peripheral to the EL boundaries. The Lake Phillipson coal deposits lie immediately west of EL 2969, but the encompassing Lake Phillipson Trough extends ESE from Ingomar HS through part of the EL.

The southwest part of EL 2969 lies on the northeast flank of a major regional gravity anomaly. The Challenger gold deposit lies on the western flank of the same gravity anomaly, approximately 90 km west of the EL boundary. Golf Bore and Campfire Bore gold prospects lie between Challenger and the EL. Within the project area this zone is marked by low magnetics, similar to Challenger with, however, two prominent bullseye magnetic anomalies in the southern part of EL 2969.

In 1996 SADME completed one vertical Reverse Circulation Percussion (RCP) drill hole in each of these magnetic anomalies. Drill hole ING 9 tested the northern anomaly to a depth of 36m, terminating in weathered granitoid basement with no anomalous geochemical values. However drill hole ING 12, completed to a depth of 44.5m in the southern anomaly, returned an anomalous platinum value (12.5ppb Pt) from 40 to 44m in a variably weathered hornblende-bearing quartz-magnetite rock.

Interestingly, similar anomalous platinum values (4.5 to 17.5ppb Pt) were returned from nine drill holes (WOO 1 to WOO 9) on the two most easterly traverses drilled by SADME over a larger magnetic anomaly to the west of the EL (14 km west of ING 12). This magnetic/gravity anomaly had previously been drilled by Dampier Mining Co (BHP Minerals Exploration) in 1978. Three shallow rotary drill holes intersected Mulgathing Complex diorite. Maximum gold assay was 50ppb Au from 54 to 56m in drill hole MW2. Base metal values were low and no assays were undertaken for platinum group elements.

At the Hawks Nest iron deposit, approximately 90 km ESE from ING 12 and 30 km south of EL 2969, drilling by SADME also returned anomalous platinum and palladium assays from several holes (e.g. drill hole HKN57: 32-40m: 79.5ppb Pd and 11.5ppb Pt).

Afmeco Pty Ltd

Afmeco (1980-1983) explored the area to the west of EL 2969 for base metals and diamonds, completing a gravity survey and 40 drill holes for a total of 1273m. Two of the holes, COM 2 and COM 24, were drilled within the EL, and both holes intersected garnet-biotite gneiss at around 40m vertical depth. To the west of the EL, the Afmeco holes intersected Mulgathing Complex rocks (gneiss, amphibolite, gabbro, basalt, dolerite, schist and mylonite) at shallow depths (0 to 40m). No anomalous assays were returned, but no assaying was undertaken for gold or platinum group elements.

Stockdale Prospecting Ltd

Stockdale undertook a helicopter supported diamond exploration programme over the project area in 1986-87. Ten bulk loam samples failed to return any kimberlitic indicator minerals or diamonds.

Minotaur Gold NL and Gawler Gold and Mineral Exploration Pty Ltd

Minotaur completed an extensive calcrete sampling programme over several ELs between 1993 and 1999, covering part of EL 2969 (NW and southern portions) and areas to the west and south. 1389 samples were collected on a nominal grid spacing of 1000 m x 700 m. Follow-up sampling was undertaken in several areas, including the southern part of the EL, and while many anomalies of 5-9ppb Au were identified none were followed up by drilling.

Dominion Gold Operations Pty Ltd and Resolute Resources Ltd.

In 1995 Dominion reported anomalous Cu and Au results from calcrete sampling on EL 2005, 5 to 30 km south of EL 2969, and recommended further exploration of bullseye anomalies interpreted from SAEI aeromagnetic data.

CRA Exploration Pty Ltd

CRA Exploration explored for diamonds, iron ore, copper, gold and uranium over the Coober Pedy Ridge between 1986 and 1991. Their work included a data review, air photography, gravity, ground magnetic and Sirotem surveys, and drilling 27 diamond and/or percussion drill holes (total: 3000 m). Two of the percussion holes (PD87LR4 and PD87LR7) were drilled near the northern margin of EL 2969 and intersected Mulgathing Complex

magnetite-bearing amphibolite basement at depths of 41m and 34m, respectively. The other CRA holes were drilled to the north of the EL. Most holes intersected basement at depths ranging from 33m to 120m. Basement lithologies included gneiss, gabbro, amphibolite, granite and pegmatite. An interesting potassium feldspar-quartz-magnetite breccia was intersected in one hole (DD89LR24) but no anomalous assays were returned.

CRA Exploration also explored the Engenina Creek area to the east of the Ingomar Project between 1981 and 1993, targeting Cu, Au, U, diamonds and iron ore. They undertook a comprehensive investigation of the major magnetic and gravity features associated with the Mt Woods Inlier. Work included an airborne magnetic and radiometric survey, rock chip geochemistry, ground magnetic and gravity surveys, Sirotem, petrology and a trial Geogas survey. Drilling included RC: 23 holes, total 1418m, RAB: 29 holes, total 3176m, and diamond: 35 holes, total 9356m. CRA Exploration reported Cu, Au and U anomalies from several prospects and a small high-grade iron ore deposit at Peculiar Knob. Drilling for kimberlites was unsuccessful. Minor surficial uranium was found within Cretaceous sandstone.

The eastern margin of the Engenina tenements explored by CRA Exploration lie adjacent to the recent Minotaur Cu-Au-Ag-U-REE discovery at Prominent Hill. The nearest CRA Exploration drill hole is diamond drill hole DD92EN 64. This hole intersected calc-silicate basement rocks (clinopyroxene-actinolite-phlogopite marble and schist) from 84m to 184m EOH. No anomalous assays were returned but the calc-silicate alteration is interesting. Another hole, PD84EN 5, drilled 9 km to the north of DD92EN 64, intersected basement acid volcanics and quartz porphyry from 67 m to 128 m, with magnetite rich zones (up to 20%) from 82-88 m and 120-124 m.

BHP Minerals Ltd

BHP targeted Broken Hill type Pb-Zn-Ag and epigenetic Cu-Au mineralisation in deeply covered Palaeoproterozoic rocks of the Coober Pedy region to the north and north-west of the Ingomar Project. Drilling of magnetic targets (RC drilling: 11 holes, total 2290 m, diamond drilling: 1 hole, 224 m) intersected quartz-magnetite rock (BIF) and magnetite-rich granite. No significant geochemical values were returned. Some of the BHP holes were drilled on the margin of the Lake Phillipson Trough where the depth to basement (up to 170m) was deeper than in holes drilled further to the east.

Between 1992 and 1994, BHP also explored the Lake Phillipson Trough area to the west and northwest of the EL, completing a ground magnetic survey and drilling one hole (TD: 146m). This hole intersected magnetite-bearing gneiss. No anomalous geochemical values were returned.

Other

Delta Gold Pty Ltd explored for gold in an area 10-30 km south of EL 2969 between 1997 and 1999. They reported maximum values of 8ppb and 9ppb Au from calcrete samples. Goldstream Mining Ltd undertook exploration to the west of the EL 2969 between 1996 and 1999, reporting a zone of low grade gold anomalism derived from calcrete sampling. The northeast trending zone has dimensions of 7 km by 2 km at >1.5ppb Au.

EXPLORATION POTENTIAL

The potential for discovery of both Cu-Au-Ag-U-REE deposits associated with iron oxides and Pb-Zn-Ag mineral deposits within the Terramin Australia Ltd tenements can be considered to be highly favourable. There is also considerable potential for gold and precious metal deposits.

Terramin's Lake Eyre tenements are situated along the eastern margin of the Gawler Craton (the northern extension of the Moonta Subdomain bounded by the Torrens Hinge Zone) which regionally displays pervasive alteration within crystalline basement lithologies, especially within or associated with ~1590 Ma granites (Hiltaba Suite) and volcanics (Gawler Range Volcanics). An Australia-wide, crustal lineament (G2 structural corridor) broadly extends along the eastern margin of the Gawler Craton but is probably more complex than traditionally portrayed. It is clearly evident in geophysical data and the distribution of major rock units and faults. However, it may not be as straight or as sharply delineated as shown on existing maps, particularly to the north. All the major mines and prospects along the eastern margin of the Gawler Craton are spatially closely associated with the G2 and other major structural lineaments, including Olympic Dam (Cu-Au-Ag-U-REE), Prominent Hill (Cu-Au-Ag-U-REE), Mt Gunson (Cu) and Wallaroo-Moonta (Cu). Thus tenements held by Terramin Australia Ltd in the Lake Eyre project areas are located within or immediately adjacent to a proven and very important mineralized crustal-scale structure.

The nature of crystalline basement along the eastern Gawler Craton within the Moonta Subdomain is relatively poorly understood due to scarcity of exposure and persistent cover sequences of Neoproterozoic and Cambrian sediments particularly eastwards towards the Torrens Hinge Zone. Previous drilling has been focused in select areas but large areas remain where previous exploration was limited.

Hiltaba Suite granitoids and Gawler Range Volcanics exposed in the Moonta-Wallaroo area and in the Cultana Inlier between Whyalla and Port Augusta display pervasive silica-sericite-epidote-haematite alteration to the

extent that all feldspar within the volcanics and granite is often totally replaced. Haematite and silica veining and Fe-enrichment are common and, together with the alteration and locally intense brecciation, they strongly support an Fe oxide exploration model for this region. Similar alteration, brecciation and veining have been observed in drillcore throughout the Stuart Shelf region and extending north into the Mount Woods Inlier and crystalline basement inliers in the Peake and Denison Ranges. The western limit of this alteration system has not been defined but its close association with Hiltaba Suite granites and Gawler Range Volcanics suggests that where there are equivalent granites and/or volcanics there is good potential for associated alteration and mineralisation.

In this context, all Terramin tenements in the Ingomar and National Trig project areas can be considered as having significant potential for granite-related or hydrothermal Fe-oxide mineralisation.

Lake Eyre

The Lake Eyre tenement is located in a prospective region adjacent to the Peake and Denison Inliers where previous exploration has identified significant calc-silicate epidote-sericite-haematite-silica alteration similar to the Cloncurry region of the Mount Isa region. Palaeoproterozoic to Mesoproterozoic basement in the Lake Eyre project areas is relatively deep and likely greater than 400 m. However, drillholes drilled by BHP Ltd and Dampier Mining Ltd to the west and northwest of Halligans Bay Project (DC-D1 and WLE-2) identified significant alteration and trace mineralisation that together confirm the prospectivity of this region. The structural corridor in which DC-D1 and WLE-2 were drilled extends southeast through the Halligans Bay and Prominent Hill tenements and forms part of the Mulloorina Ridge.

National Trig

In the National Trig area, 100 km west of Coober Pedy, the Mabel Creek gravity high (Mabel Creek Ridge) trends east-northeast through the tenement. Previous drilling, mainly to the east of the National Trig EL intersected basement rocks (Mulgathing Complex) beneath 150 to 230m of Palaeozoic to Quaternary cover. Zones of strongly elevated magnetics, both linear and bullseye type complement the gravity ridge, and some of these coincident anomalies have been the loci for previous exploration drilling. Basement lithologies intersected by past drilling include BIF, mafic and felsic gneisses, quartzite and metapelite. Magnetite is a common but variable component of the quartzite and gneisses. The only magnetic/gravity target to have been drilled previously within the current project area (CR 9214) intersected 30m of basement BIF and gneiss beneath 234m of cover.

Elliptical shaped magnetic low zones adjacent to the Mabel Creek Ridge probably indicate the presence of Hiltaba aged granite. Batholith size intrusions have been identified but in detail these are likely multi-phase or composite intrusions. Some, particularly those to the south of Derelict Bore have associated zones or rims of elevated magnetics suggesting probable magnetite or Fe-enrichment. The presence of these granites and potential alteration implies that the area is prospective for Olympic Dam and or Cloncurry style Cu-Au-Ag-U-REE deposits. Because of the scarcity of drilling, the region and mineralisation models are virtually untested.

The sharp, regionally arcuate but locally ENE-trending, breaks in magnetics and gravity to the south side of both the Mabel Creek Gravity High and the Coober Pedy Ridge are probably indicative of major thrust faults. The southeast part of National Trig EL covers one such break and this is similar to the break on the south side of the Mt Woods Inlier where Minotaur's Prominent Hill discovery is located. The deflection of this break or thrust around granite plutons south of Derelict Bore has potentially created dilational or extensional features that enhance the prospectivity of this area.

Ingomar/Phar Lap

The Ingomar Project covers an under-explored zone of accessible Palaeoproterozoic / Archaean basement within a broader region that has undergone substantial exploration for base metals, gold, uranium and diamonds over the past two decades. The nearby, dominating high magnetic terranes, including the Coober Pedy Ridge to the north, the Mt Woods Inlier to the east, and the area to the south (around McDouall Peak), received a lot of attention following the discovery of the Olympic Dam deposit. Yet until the recent Minotaur discovery at Prominent Hill, 50 km east of the ELs, the only substantial result of exploration in the area was the delineation of iron ore deposits such as those around Hawks Nest near McDouall Peak.

Minotaur's Prominent Hill discovery lies on a subtle regional gravity anomaly close to but not on a magnetic high. Similarly, the Challenger gold deposit 90 km west of the ELs, lies on the flank of a regional gravity high in a magnetically low area. While Olympic Dam is closely associated with a major magnetic anomaly, the actual orebody is non-magnetic. Therefore, areas of low to moderate magnetic response within the ELs, on or adjacent to gravity highs, are considered prospective for Cu-Au-Ag-U-REE and stand-alone Au deposits.

Very few drill holes within the project area have intersected basement. In the northeast part of the ELs, two CRA holes intersected magnetic amphibolite basement at depths around 40m. A similar depth of cover can be anticipated over most of the northeast part of the ELs.

except that the depth of cover can be expected to thicken in a southwest direction towards the margins of the Lake Phillipson Trough.

The Lake Phillipson Trough, part of the Arckaringa Basin, separates two basement provinces within the Gawler Craton. The locally east-northeast-trending Coober Pedy Ridge lies to the north of the Lake Phillipson Trough, whereas to the south, arcuate northeast-trending units of the Christie Subdomain are terminated by the trough outline.

The northeast part of the ELs north of the Lake Phillipson Trough flanks the southern part of the Coober Pedy Ridge and the western part of the Mt Woods Inlier. It is characterised by moderately elevated regional gravity and moderately high magnetic anomalies. The TMI magnetic image (SAEI survey) shows two distinctive fabrics trending northwest and east-northeast, respectively. The northwest fabric probably represents a relatively late stage mafic dyke swarm. The east-northeast fabric is probably due to the presence of a major fault system or shear zone.

Indications from previous drilling on and adjacent to the southwest part of the project area are that Palaeozoic to Quaternary cover is very thin, ranging from less than 10m in the south to around 40m further north. Two prominent bullseye magnetic anomalies in the southern part of the ELs have only undergone minimal drilling (one short vertical RC drill hole in each case).

Previous calcrete sampling has been undertaken over part of the Ingomar EL and clusters of gold anomalies up to 9ppb Au have been identified. Calcrete sampling has been shown to be a very effective regolith geochemical sampling technique in this part of the Gawler Craton. There is an opportunity to extend calcrete sampling over the entire EL as an adjunct to detailed magnetic and gravity surveys.

The presence of anomalous platinum and palladium assays from several holes in the general vicinity of the Ingomar Project is encouraging and essentially untested. Anomalous platinum was recorded within the EL in a variably weathered hornblende-bearing quartz-magnetite rock (in drill hole ING 12) but was never followed up.

RECENT EXPLORATION

Following structural interpretation of high quality magnetic images resulting from the reprocessing of regional airborne magnetic data, detailed gravity surveys were undertaken over two areas (Gina Block and North Block) within the Ingomar Project in October 2002 by Haines Surveys Pty Ltd (Haines, 2002). The Gina Block comprises the southern part of EL 2969 and the North Block comprises the NE part of EL 2969 and all of the adjacent EL 2987.

GINA BLOCK

The Gina Gravity Survey completed in October 2002 was designed to cover an area of shallow depth to Precambrian basement (estimated to range from 10m to 40m). The survey area lies on the eastern margin of a large regional gravity high. The Challenger Gold deposit is located on the western margin of this gravity high within a magnetically low area, approximately 90 km west of EL 2969 (Figure 2).

Two distinct bullseye magnetic anomalies (Figure 2) were covered by the gravity survey. Previous drilling was limited to only one short vertical RC drill hole on each magnetic anomaly. This drilling intersected granitoid and mafic rocks (hornblende-quartz-magnetite rock). A residual gravity anomaly is associated with the more southerly of the two magnetic anomalies, and the centre of this residual anomaly lies about 450m NNE of the previous RC drill hole. This area has potential for Olympic Dam or Prominent Hill style mineralisation.

A distinct northwest trending linear magnetic feature lies to the north of the bullseye magnetic anomalies and is thought to represent a major shear zone. This zone is directly associated with a linear residual gravity low. A series of residual gravity highs lie adjacent to and on both sides of the magnetic lineament. Some of these residual gravity highs may be due to haematite alteration adjacent to a shear zone. Mineralisation (Cu-Au-U-REE) may be associated with such alteration.

The Gina area is located on the eastern margin of a major gravity structure. The area contains clusters of calcrete gold anomalies (Figure 2). The position of the calcrete gold anomalies in relation to the gravity high may be considered analogous to the position of the Challenger gold deposit on the western margin of the same gravity high. Mineralisation at Challenger is thought to be related to dilational zones associated with axial planar structures and splays from those structures.

The Gina gravity survey emphasised important structures which are likely to have controlled any gold mineralising solutions. To the north of the Gina gravity survey area there is also an apparent correlation of linear magnetic features and gold anomalism, suggesting structural controls. In particular, a set of NW trending magnetic linears parallel to the major shear zone described above are likely to represent a basic dyke swarm along planes of weakness associated with the limbs and axial planes of major regional folds. Some major regional fold closures can also be interpreted from the magnetic image. Conjugate NE trending magnetic linears are also associated with clusters of calcrete gold anomalies.

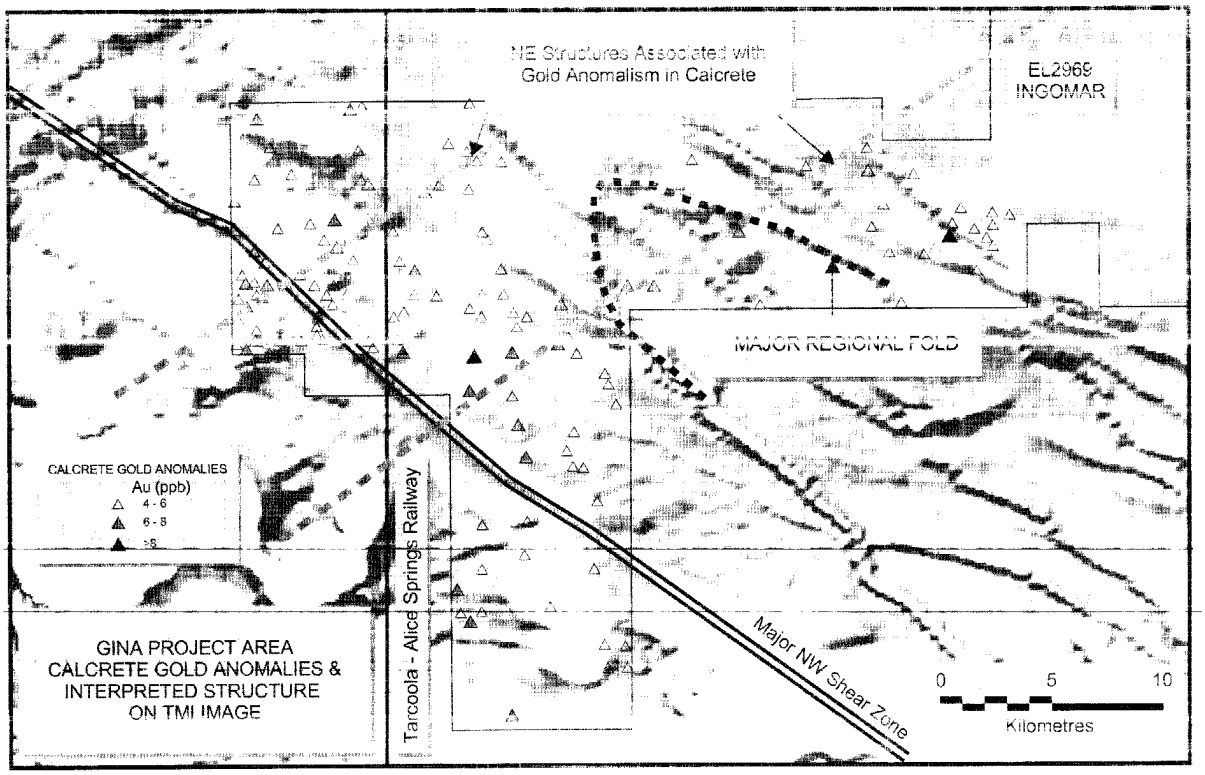

Figure 2: Gina Block – Section of Ingomar Project

NORTH BLOCK

The North Block lies to the northeast of the Lake Phillipson Trough, adjacent to the dominating magnetic terranes of the Mt Woods Inlier to the east and the Coober Pedy Ridge to the north. The area is characterised by low to moderate regional magnetics within which two pronounced fabrics occur. An ENE trending fabric is characterised by a series of weak to moderate magnetic ridges with one particularly well defined ridge. There is also a distinctive demagnetised zone, parallel to and 10 km north of the Magnetic Ridge. The second magnetic fabric trends towards the northwest. This very consistent regional feature has been interpreted as being part of the widespread Gairdner Dyke Swarm. The dykes, being denser than the enclosing rocks, can also be interpreted from the detailed gravity images.

Residual gravity anomalies within the North Block survey area may represent areas of haematite alteration and are prospective for Cu-Au-U-REE mineralisation.

PROPOSED EXPLORATION PROGRAM

Conceptual targets have already been identified in all areas but to progress them to specific exploration targets that demonstrate the potential to host a significant gold and/or base metal deposit requires a combination of:

- Detailed interpretation and depth modelling of PIRSA aeromagnetic data;
- Reprocessing and detailed interpretation of regional gravity data in conjunction with aeromagnetic interpretation;
- Ultra-detailed aeromagnetic, airborne electromagnetic and/or gravity surveys over specific targets;
- Follow-up calcrete and regolith soil sampling in selected areas in combination with careful regolith mapping. Regolith sampling using a vacuum or RAB drill rig to drill shallow holes may be a suitable technique in target areas where no calcrete occurs.

Some areas are more advanced than others and first stage interpretation and modelling have already been undertaken in conjunction with acquisition of more detailed gravity data. As indicated by the success of Minotaur Resources

Ltd in the Prominent Hill area, detailed gravity surveys are a key to discovery of Olympic Dam style mineralisation and are considered by Terramin Australia Ltd as a high priority.

Calcrete gold anomalies have already been identified on Ingomar and can be followed up with infill sampling to define specific drill targets.

In the Ingomar Project, further structural and geological interpretation of gold prospective zones would be greatly assisted by undertaking an ultra-detailed aeromagnetic survey over the Gina Block. This technique has been used extensively and successfully within similar low to moderate magnetic terranes in, for example, the Tanami Province of the Northern Territory, where some significant gold resources are associated with structures that could not be interpreted from previous regional aeromagnetic images.

It is anticipated that targets selected in the National Trig and Ingomar projects after completion of these programs will be drilled. RAB or air core drilling should be an effective first pass basement sampling technique on Ingomar and parts of National Trig given the shallow depth to basement. However, the potentially deeper areas of National Trig may need to be tested by RC and/or diamond core drilling with pre-collars through cover sediments. Gold and/or base metal anomalies defined by shallow aircore drilling, will be confirmed by RC and diamond core drilling to delineate bedrock mineralisation. RC and diamond drilling will continue in order to define resources if earlier exploration is successful.

The Lake Eyre project areas are under-explored and will require detailed interpretation of existing magnetics and gravity data combined with gravity surveys over priority target areas. Existing gravity data are widely spaced in this region. Drilling targets will be based on 3-D geophysical modelling and would be tested mainly by diamond core drilling with rotary mud pre-collars through the overlying Eromanga Basin sediments.

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29 October 2003

The Directors
Terramin Australia Ltd
5/93 Childers Street
NORTH ADELAIDE SA 5006

Dear Sirs

Solicitor's Report – Terramin Australia Limited

This report has been prepared for inclusion in a prospectus (***Prospectus***) to be issued by Terramin Australia Limited ABN 67 062 576 238 (***Company***) on or about 10 November 2003, offering for subscription of 25,000,000 fully paid ordinary shares at 20 cents per share.

1. **Scope of Report**

This report relates to:

(a) the registered and unregistered interests of the Company in the following mining tenements (***Mining Tenements***) granted or applied for under the Mining Act 1971 (SA) (***Mining Act***):

(i) exploration licences 2839, 2848, 3128 and 2677, held by Western Metals Copper Ltd and subsequently joint ventured with the Company (***Fleurieu and Menninnie Dam Exploration Joint Venture***); and

(ii) exploration licences 2969, 2970, 2987 and 3039 held by the Company (***Gawler Craton tenements***).

(b) the native title claims lodged with, and determinations made by, the National Native Title Tribunal (***NNTT***) and the Environment, Resources and Development Court (***ERD Court***), in relation to any land the subject of the Mining Tenements; and

(c) our review of the material contracts summarised in Section 10 of the Prospectus.

For purposes of this report, we have conducted the following searches:

(a) searches of:

(i) the Register of Native Title Claims (***Commonwealth Claims Register***) and the National Native Title Register in relation to determinations of native title (***Commonwealth Determinations Register***), both established under the Native Title Act 1993 (Cth) (***Native Title Act***);

(ii) the Register of Native Title and Claims to Native Title established and maintained by the ERD Court under the Native Title (South Australia) Act 1994 (SA) (***NT (SA) Act***) (***State Native Title Register***); and

(iii) the register of applications and actions of the Supreme Court of South Australia in relation to any native title claim made in that Court.

These searches by the NNTT (on 23 October 2003) and the ERD Court (on 22 October 2003) and the Supreme Court of South Australia (on 23 and 24 October 2003) to determine whether native title is held, or claimed, in respect of any land the subject of the Mining Tenements; and

(b) searches of the Mining Tenements in the register (***PIRSA Register***) maintained by Primary Industries and Resources SA (PIRSA) pursuant to the Mining Act and of PIRSA records as to native title over any of the land the subject of the Mining Tenements.

These searches were concluded on 24 October 2003.

2. **Tenements**

Details of the Mining Tenements are set out in the schedule attached to this report (***Schedule***).

The percentage interests held directly or indirectly by the Company in each of the Mining Tenements are set out in the Schedule. Details of the manner in which those interests arise are set out elsewhere in the Prospectus.

None of the Mining Tenements are subject to any unusual or special conditions, except as set out in this report.

3. **Native Title Law**

In 1992 the High Court of Australia held in Mabo & Ors v the State of Queensland that Australian common law recognised the concept of Aboriginal native title to land, which had survived the Crown's acquisition of sovereignty.

In 1993 the Commonwealth Parliament passed the Native Title Act. The Native Title Act recognises and protects common law native title in Australia.

In 1998 the Native Title Act was substantially amended by the Native Title Amendment Act 1998 (Cth) (***Commonwealth Amendments***), amongst other things, to take account of the High Court's decision in Wik People v Queensland.

The Native Title Act validates certain invalid acts which took place before 1 January 1994 (known as "past acts") and which took place during the period from 1 January 1994 to 23 December 1996 (known as "intermediate period acts"), which are attributable to the Commonwealth. The Native Title Act allows States to make laws for the validation of past acts and intermediate period acts attributable to the relevant State.

The Native Title (South Australia) Act, 1994 (SA) (***NT (SA) Act***) validates "past acts" and "intermediate period acts" attributable to the State of South Australia.

The Commonwealth Amendments permit States to legislate to provide that certain acts attributable to the relevant State done on or before 23 December 1996 completely extinguish native title (known as "previous exclusive possession acts"). The NT (SA) Act provides for the extinguishment (as "previous exclusive possession acts") of native title over land in respect of which most types of perpetual leases have been granted under South Australian Crown Lands legislation and in respect of which freehold estates have been granted. This applies where the relevant freehold estate or perpetual lease was validly granted on or before 23 December 1996. For perpetual leases the relevant lease must also have remained in existence on that date.

The Native Title Act also confers on registered native title bodies corporate and registered claimants a special statutory procedural right (known as the "right to negotiate procedure" (***Commonwealth RTN***)) in relation to certain acts which affect native title done on or after 1 January 1994. The Native Title Act permits the law of a State to make alternative provisions to those of the Commonwealth RTN. On 17 June 1996 Part 9B of the Mining Act came into operation which provides for a South Australian "right to negotiate procedure" (***State RTN***) to apply in respect of tenements under the Mining Act in substitution for the Commonwealth RTN.

In accordance with the Native Title Act native title claims are required to be registered by the NNTT, in order to attract the benefit of procedural rights under the State RTN.

4. **Native Title Claims**

From our searches referred to in paragraph 1, we are aware that the native title claims identified in the Schedule may impact on some of the Mining Tenements, as set out in the Schedule and this report. It is possible that further native title claims may be made in the future.

The Schedule identifies those claims which as at 23 October 2003 are registered and have the benefit of the State RTN. Other native title claims in the Schedule currently have no right to negotiate because they are not registered.

5. **Validity of Mining Tenements**

In South Australia, mining tenements granted on or after 1 January 1994 may be future acts under the Native Title Act. "Future acts" are acts done on or after that date which affect native title. In addition, where those tenements are granted on or after 17 June 1996 (i.e. all of the Mining Tenements) the State RTN may need to be followed.

Under the State RTN, the grant of an exploration licence confers no right to carry out mining operations, including prospecting, exploring or mining for minerals on native title land (being land in respect of which native title exists or might exist) unless the mining operations do not affect native title (i.e. they are not wholly or partly inconsistent with the continued existence, enjoyment or exercise of rights deriving from native title), or a declaration is made under the law of the State or the Commonwealth that the land is not subject to native title, or an agreement or determination authorising the mining operations is made under the State RTN.

To the extent that any operations on native title land under an exploration licence do not affect any native title held over the relevant land, the State RTN does not apply.

The State RTN requires the holder of an exploration licence and native title parties to negotiate in good faith for an agreement authorising exploration activities which affect native title on native title land. These negotiations are initiated by giving notice in accordance with the State RTN. The native title parties with whom the negotiations must be undertaken are those who are the registered holders of native title and registered native title claimants within 2 months after giving notice. If agreement is not reached within 4 months from the commencement of negotiations, any party may apply to the ERD Court for determination. The ERD Court must make its determination within 4 months of the application, unless there are special reasons why it cannot do so. A determination made by the ERD Court that mining operations may be conducted on native title land may be subject to conditions.

6. **Aboriginal Heritage**

The Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth) provides for the preservation of places, areas and objects which are of particular significance to Aboriginal people in accordance with Aboriginal tradition. The Act provides the Minister with powers to make declarations for protection and preservation of an area of Aboriginal significance.

The Aboriginal Heritage Act 1988 (SA) (***Aboriginal Heritage Act***) provides for the protection and preservation of Aboriginal heritage, comprising Aboriginal objects, sites and remains.

The statutory approach in the Aboriginal Heritage Act is to create a number of offences in relation to Aboriginal objects, sites and remains.

The most relevant of these offences is set out in s 23 which provides that a person must not, without the authority of the relevant Minister, damage, disturb or interfere with any Aboriginal sites; damage any Aboriginal objects; or where any Aboriginal objects or remains are found, disturb or interfere with the objects or remains, or remove the objects or remains.

Aboriginal heritage clearance agreements are often entered into in South Australia to provide for clearance of land upon which exploration or mining activities are to be undertaken.

These agreements do not have statutory recognition under the Aboriginal Heritage Act. They also do not relieve the relevant operator from the obligation to comply with the provisions of the Aboriginal Heritage Act.

7. Mining Tenements

Gawler Craton Tenements

All of the Gawler Craton tenements are valid. The licence conditions for each of these tenements (other than exploration licence 2987) require the licence area to be reduced by 50% after 1 year and a further 50% after 2 years, if expenditure commitments are not met (unless the relevant Minister otherwise decides). The land the subject of the Gawler Craton tenements includes native title land. Accordingly the State RTN will apply to mining operations under each of these tenements to the extent that they affect native title. No native title negotiations have yet been initiated pursuant to the State RTN in relation to these tenements. We are not aware of the existence of any registered native title agreements or Aboriginal heritage agreements for any of these tenements.

Special conditions attach to exploration licence 3039 which includes land within the Tallaringa Conservation Park. Approval to carry out such operations must be obtained from the Minister for Environment and Conservation and the Minister for Mineral Resources Development. Under the joint proclamation of Tallaringa Conservation Park, the right to undertake certain exploration operations within the Park may only be exercised if at least 3 months notice is given to the Minister for Environment and Conservation and any directions which that Minister may give in relation to a number of matters are complied with.

Exploration Licence 2970 contains special conditions prohibiting exploration activities within 100 metres of any flowing or extinct mound spring without the prior written approval of the Director of Mines.

Exploration licences 2969, 3039, and 2987 are either wholly or partially within the Woomera Prohibited Area and rights of access to the area to explore must be granted by the Commonwealth of Australia. At the date of this Prospectus the Company has not applied for access.

Fleurieu and Menninnie Dam Exploration Joint Venture

Exploration licences 2677, 2839, 2848 and 3128 are valid. Exploration licence 2839 does not include any "native title land" due to the existence of extinguishing tenures. As a consequence of the extinguishing tenures, the State RTN will not apply to this licence. We are not aware of the existence of any registered native title agreements for this tenement.

The land the subject of exploration licences 2677, 2848 and 3128 includes native title land and, to the extent that the Company carries on mining operations on that native title land that affect native title, the State RTN will apply. No native title negotiations have yet been initiated pursuant to the State RTN in relation to any of these exploration licences and we are not aware of the existence of any registered native title agreements for these tenements.

We are also not aware of the existence of any Aboriginal heritage agreements in relation to the land the subject of exploration licences 2677, 2839, 2848 and 3128.

Exploration licences 2839, 2848 and 3128 are not subject to any special licence conditions. Exploration licence 2677 however is subject to a special condition relating to the conduct of operations on, or within 100 metres of, Lake Alexandrina.

8. Material Contracts

We have reviewed the Material Contracts summarised in Section 10 of the Prospectus. The Material Contracts appear to have been duly executed.

It is our opinion , based upon a review of the Material Contracts, that the summary of them does not contain any statement or matter that is false in a material particular or is materially misleading or deceptive in the form and context in which it appears. The Company has not identified to us any other material contracts.

9. **Assumptions**

For the purpose of giving this report we have assumed:

- the accuracy of the results of all searches and information provided to us by PIRSA, the NNTT the ERD Court and the Supreme Court of South Australia;
- that the relevant Minister responsible for administering the Mining Act and each of the Minister's delegates have been validly appointed and have acted within the scope of their respective power, authority and discretion in granting, or recommending the grant of, the Mining Tenements; and registering, authorising, approving or granting any permission or consent to any dealing or proposed dealing affecting any of the Mining Tenements;
- the authenticity of all signatures, seals, dates and endorsements on all copies of all documents submitted to us;
- that all documents are within the capacity and powers of, and have been validly authorised, executed and are binding on each party to them and comprise the entire agreement of the parties with respect to their respective subject matters;
- the completeness, and conformity to originals, of all copies of all documents submitted to us;
- that the Company and the holder of each of the Mining Tenements have complied with all applicable provisions of the Mining Act and all regulations made pursuant to that Act and all other legislation, regulations and mandatory guidelines relating to any of the Mining Tenements; and
- the accuracy and completeness of any instructions we have received from the Company or any of its officers, agents and representatives.

These assumptions indicate that we have assumed that each matter the subject of an assumption is true, correct and complete in every particular. That we have made an assumption does not imply that we have sought to verify that assumption nor that we are aware of any circumstances which might affect the correctness of the assumption. No assumption is limited by any other assumption.

10. **Qualifications**

This report is subject to the following qualifications:

(a) we have only made the inquiries described in paragraph 1 of this report; and

(b) we have not undertaken the considerable legal, anthropological and ethnographical research which would be necessary to ascertain the strength or otherwise of any current, or future, native title claim.

11. **Scope of Opinion**

This report relates only to the laws of the State of South Australia and of the Commonwealth of Australia in force at the date of this report and is strictly limited to the matters dealt with in it.

12. **Consent**

Finlaysons have given, and have not withdrawn, their consent to the issue of the Prospectus with this report included, in the form and context in which it is included.

Yours faithfully

George McKenzie
Partner
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Tenement Schedule

Tenement Holder or Applicant	Registered	Area	Term Statutory commitments	Annual (* Registered)	Native Title Claims
1. Mining Act					
(a) Gawler Craton Projects					
1. EL 2969 (Ingomar)	100% Terramin Australia	1236 km2	13/6/02-12/6/04	$150,000	*Antakirinja claim Ted Roberts claim
2. EL 2970 (Lake Eyre)	100% Terramin Australia	252 km2	11/6/03-12/6/04	$95,000	*Arabunna claim *Kuyani claim
3. EL 3039 (National Trig)	100% Terramin Australia	1150 km2	25/10/02-24/10/03	$140,000	*Antakirinja claim
4. EL 2987 (Phar Lap)	100% Terramin Australia	72 km2	25/7/02-24/7/04	$45,000	*Antakirinja claim

Tenement	Registered Holder or Applicant	Area	Term	Annual Statutory commitments	Material Contracts #	Native Title Claims (* Registered)
2. Mining Act						
(a)Fleurieu and Menninnie Dam Exploration Joint Venture (Terramin earning 60%)						
1. EL 2839 (Bremer)	Western Metals Copper	457 km^2	10/9/01-9/9/03	$150,000	FMDEJV	Not Applicable
2. EL 3128 (Currency Creek)	Western Metals Copper	174 km^2	17/9/03-16/9/04	$45,000	FMDEJV	*Ngarrindjeri claim
3. EL 2677 (Langhorne) Creek)	Western Metals Copper	275 km^2	3/12/99-2/12/03	$90,000	FMDEJV	*Ngarrindjeri claim
4. EL 2848 (Menninnie)	Western Metals Copper	101 km^2	24/9/01-23/9/04	$40,000	FMDEJV	*Gawler Ranges claim *Kuyani claim

Summary of Native Title Claims

NNTT NO.	NAME	REGISTRATION STATUS
SC95/007	Antakirinja	Accepted 09/07/1999
SC97/007	Gawler Ranges	Accepted 11/08/1999
SC00/003	Kuyani	Accepted 10/08/2001
SC98/004	Ngarrindjeri and Others	Accepted 11/01/2000
SC98/002	The Arabunna People's	Accepted 02/11/1999
SC95/005	Ted Roberts	Failed 23/10/2001

refer to Section 10 for summaries of Material Contracts

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The Directors
Terramin Australia Ltd
PO Box 24
Fullarton SA 5063

12 November 2003

Dear Sirs

Investigating Accountant's Report

1 Introduction

This investigating accountant's report ("this report") has been prepared by KPMG Transaction Services (Australia) Pty Limited ("KPMG Transaction Services") for inclusion in the Prospectus dated on or about 13 November 2003 to be issued by Terramin Australia Ltd ("Terramin" or "the Company"), in respect of the proposed underwritten issue of 25 million shares at $0.20 per share with oversubscription rights to issue a further 5m shares at $0.20.

KPMG Transaction Services has been requested to:

- report whether anything has come to our attention which causes us to believe that the historical financial information disclosed in Section 8.2 of the Prospectus is not presented fairly in accordance with generally accepted accounting principles as applied in Australia for reporting on financial information in a Prospectus;
- report whether anything has come to our attention which causes us to believe that the pro forma financial information disclosed in Section 8.2 of the Prospectus, is not presented fairly in accordance with the basis of preparation set out in Note 1 to the historical financial information and with generally accepted accounting principles as applied in Australia for presenting pro forma financial information in a Prospectus;

Terramin has prepared, and is responsible for, the historical and pro forma financial information included in this report. Expressions defined in the Prospectus have the same meaning in this report.

2 Financial information

2.1 Historical financial information

The audited historical financial information of the Company, provided in Appendix 1 of Section 8.2 of the Prospectus comprises:

- statements of financial performance of Terramin for the years ended 31 December 2001 and 31 December 2002;
- statements of financial position of Terramin as at 31 December 2001 and 31 December 2002;
- statements of cash flows of Terramin for the years ended 31 December 2001 and 31 December 2002; and
- notes to the financial statements.

The historical financial information has been prepared on the basis detailed, and in accordance with the accounting policies set out in Note 1 to the 31 December 2002 financial statements.

2.2 Pro forma financial information

The pro forma financial information of the Company comprises the audited statement of financial position of the Company as at 31 December 2002, adjusted to show the effect of un-audited transactions and events set out in Section 8.2 of the Prospectus as if they took place on 31 December 2002.

The pro forma financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

3 Scope of this report

3.1 Historical financial information

The historical information has been extracted from the audited financial reports of the Company, the financial statements and notes of which are reproduced in Section 8.2 of the Prospectus at Appendix 1. KPMG has audited, in accordance with Australian Auditing Standards, and issued an unqualified audit opinion in respect of the two years ended 31 December 2002.

The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the financial reports are free of material misstatement. KPMG's audit report on the 31 December 2002 financial report is also included in Appendix 1. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures were undertaken to form an opinion whether, in all material respects, the financial reports are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirement, so as to present a view which is consistent with KPMG's understanding of the Company's position, and performance as represented by the results of its operations and cash flows.

In our role as Investigating Accountants, we have ensured that the historical financial information has been correctly extracted from those audited financial reports for inclusion in the pro forma financial information.

3.2 Review of pro forma financial information

We have reviewed the pro forma financial information in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the pro forma financial information is not presented fairly in accordance with the basis of preparation outlined in Note 1 to the historical financial information, transactions and events set out in Section 8.2 of the Prospectus.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review was limited primarily to:

- inquiries of Directors and management of Terramin; and
- consideration of the working papers, accounting records and other documentation supporting the historical financial statements of Terramin, the pro forma adjustments and the assumptions on which they are based.

Our review of the pro forma financial information has not involved a study and evaluation of internal accounting controls, tests of accounting records or tests of responses to inquiries by obtaining corroborative evidence from inspection, observation or confirmation. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

4 Opinion and review statements

4.1 Review statement on the historical financial information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the audited historical financial information set out in Section 8.2, comprising:

- statements of financial performance of Terramin for the years ended 31 December 2001 and 31 December 2002;
- statements of financial position of Terramin as at 31 December 2001 and 31 December 2002; and
- statements of cash flows of Terramin for the years ended 31 December 2001 and 31 December 2002.

is not presented fairly in accordance with the significant accounting policies of the Company which are set out in Note 1, and which are in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

4.2 Review statement on the pro forma financial information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma financial information, comprising the audited statement of financial position of the Company as at 31 December 2002 adjusted to show effects of the transactions and events described, is not presented fairly in accordance with the basis of preparation outlined in Note 1 to the 31 December 2002 financial statements and the transactions and events set out in Section 8.2 of the Prospectus.

5 Taxation

Terramin's 31 December 2002 financial statements disclose that the Company has potential tax benefits of $93,751 not recognised in the financial statements. These potential tax benefits stem from cumulative tax losses of $312,503 incurred over 2000-2002.

In September 2000, control of the Company passed from a Canadian listed company to two current directors of Terramin. We have clarified that as a result of that change in control the tax loss in 2000 ($71,359) is not available to the Company. Therefore, the tax benefit at 31 December 2002 from cumulative losses amounted to $72,343, arising from losses in the 2001 and 2002 years.

As noted in Section 8.2 of the Prospectus, the accounting loss over the 9 month period to 30 September 2003 was $49,000. The tax loss incurred over the same period is not materially different. The tax benefit of this loss (approximately $15,000) has not been recognised in the pro-forma financial information.

6 Independence

KPMG Transaction Services does not have any interest in the outcome of the issue other than in connection with the preparation of this report for which normal professional fees will be received.

KPMG is the statutory auditor for the Company for which fees in accordance with normal time-based rates will be received.

Yours faithfully

Gary Savage
Director

To assist potential investors and their professional advisors in their assessment of the financial position of the Company, the Directors provide the following financial information:

- Historical Financial Information, comprising the audited financial statements of the Company for the year ended 31 December 2002 (appearing as Appendix 1 hereto); and
- Pro forma financial information comprising the limited statement of financial position of the Company as at 31 December 2002 adjusted to show the effects of subsequent transactions and events.

Pro forma Statement of Financial Position

	Audited	Unaudited			
	Actual 31 December 2002	Operating Result 9 months ended 30/9/03	Issue of Seed Capital	Issue of Share Capital to public	Unaudited pro forma balance date
	$	$	$	$	$
Notes		1	2	3	
Current Assets					
Cash	109,090	(27,584)	200,000	4,520,000	4,801,506
Other Debtors	6,962	(6,298)			664
Total Current Assets	116,052	(33,882)			4,802,170
Non Current Assets					
Exploration Expenditure	773,321	(9,760)			763,561
Total Assets	889,373	(43,642)			5,565,731
Current Liabilities					
Creditors & Borrowings	313,948	5,181			319,129
Total Liabilities	313,948	5,181			319,129
Net Assets	575,425	(48,823)			5,246,602
Shareholders' equity					
Contributed equity	1,221,202	475	200,000	4,520,000	5,941,677
Accumulated losses	(645,777)	(49,298)			(695,075)
Total Shareholders' Equity	575,425	(48,823)			5,246,602
Number of shares	25,125,005	3,110,000	2,000,000	25,000,000	55,235,005

The following transactions are included in the pro forma financial information:

(1) Impact of operating activity over the 9 month period to 30 September 2003. Overall, a net loss of $49,000 was realised as operating expenses ($23,000), non-capitalised exploration costs ($18,000), and exploration cost write-offs ($37,000) exceeded revenue of $30,000 (primarily maintenance income under the Carrapateena Option (refer Section 10.3 of the Prospectus) agreement with MIM Exploration Pty Ltd). The net loss is reconciled to the decrease in cash for the nine months as follows:

Item	**$'000**
Net Loss	(49)
Write-off exploration costs	37
Exploration costs capitalised	(27)
Increase in creditors	5
Decrease debtors	6
Net decrease in cash	**(28)**

During the 9 month period a total of 3.11 million shares were issued - 2.36 million to seed capitalists for funding received prior to 31 December 2002, and 750,000 to RMG Services Pty Ltd under an option agreement for which a total of $475 was received ($375 for the shares, $100 for 1 million options).

(2) Issue of seed capital 2 million shares at $0.10 to raise $200,000.

(3) Cash and share capital have been adjusted to record the issue of 25,000,000 shares to the public at an issue price of $0.20 per share totalling $5,000,000, less the Directors' estimate of costs of the share issue equal to $480,000.

Further, as disclosed in Section 10.1 of the Prospectus, Terramin has a call option available under the Fleurieu & Menninnie Dam Joint Venture to acquire Western Metals Copper Limited's 40% interest in the joint venture by issuing $1 million of shares following an ASX Listing. As Terramin has until 31 December 2005 to exercise the option, the impact of the option has not been shown in the pro-forma. Western Metals Copper Limited is currently in receivership.

Subsequent events

The Company has entered into the following arrangements/performed the following actions since the Director's approval of the 31 December 2002 audited financial accounts (set out in Appendix 1):

(i) Fleurieu and Menninnie Dam Joint Venture

All titles are current (Bremer, Currency Creek, Langhorne Creek, Menninnie Dam), with total expenditure commitments of $520,000 of which approximately $440,000 is due by Sept/Oct 2004. These commitments are not reflected in the pro forma financial information.

(ii) Craton Exploration Joint Venture Agreement

AXG Mining Ltd advised the Company on 6 June 2003 that it would not be meeting its minimum expenditure commitments under the joint venture agreement. As disclosed in Section 11.8, the Company has lodged a claim against WRF Securities Ltd, the parent of AXG Mining Ltd the District Court of South Australian for $335,375, being the approximate shortfall in expenditure by AXG under the JV agreement. No response has been received from WRF as at 27 October 2003.

Terramin has assumed full responsibility for approximately $500,000 in expenditure commitments of the CEJV titles. These commitments are not reflected in the pro forma financial information.

(iii) Gawler Lakes Exploration Joint Venture

On 2 November 2003 the Company reached agreement with RMG Services Pty Ltd ("RMG") to terminate the Gawler Lakes Exploration Joint Venture. Terramin's interest in the tenements reverted to RMG. Terramin will pay RMG $75,000 on 8 December 2003 and a further $75,000 within seven days of Terramin's ordinary shares trading on the Australian Stock Exchange. These commitments are not reflected in the pro forma financial information.

To the best of the Directors' knowledge and belief, after making due inquiry, there have been no further material items, transactions or events subsequent to 31 December 2002 not otherwise disclosed above or included as transactions in the pro forma financial information, that have come to our attention during the course of our review which:

- relate to conditions existing at 31 December 2002 which require comment or necessitate adjustment to the figures included in the pro forma financial information; or
- although they did not relate to conditions existing at 31 December 2002 would cause reliance on the figures included in the pro forma financial information to be misleading.

Appendix 1—Historical Financial Information

STATEMENT OF FINANCIAL PERFORMANCE

As at 31 December 2002

	Note	2002 $	2001 $
REVENUE FROM ORDINARY ACTIVITIES	2	3,841	10,284
Borrowing costs		(10,411)	(11,278)
Exploration expenditure written off		(9,071)	(25,771)
Prospectus/share issue costs		(66,270)	(28,748)
Administration	3	(57,019)	(65,464)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(138,930)	(120,977)
Income tax expense	4	-	-
LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE	8	(138,930)	(120,977)
Non owner related changes in equity		-	-
TOTAL CHANGES IN EQUITY OTHER THAN OWNER-RELATED TRANSACTIONS		(138,930)	(120,977)
Basic earnings (loss) per share (cents)	10	(0.55)	(0.48)
Diluted earnings (loss) per share (cents)	10	(0.55)	(0.48)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2002

	Note	2002 $	2001 $
CURRENT ASSETS			
Cash Assets	5	109,090	48,303
Other Debtors (GST)		6,962	676
TOTAL CURRENT ASSETS		116,052	48,979
NON-CURRENT ASSETS			
Exploration and development	6	773,321	696,758
TOTAL NON-CURRENT ASSETS		773,321	696,758
TOTAL ASSETS		889,373	745,737
CURRENT LIABILITIES			
Payables		193,557	146,991
Interest bearing liabilities		120,391	120,391
TOTAL CURRENT LIABILITIES		313,948	267,382
TOTAL LIABILITIES		313,948	267,382
NET ASSETS		575,425	478,355
EQUITY			
Contributed equity	7	1,221,202	985,202
Accumulated losses	8	(645,777)	(506,847)
TOTAL EQUITY		**575,425**	**478,355**

*The financial statements are to be read in conjunction with the notes to and forming part of the accounts.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2002

	Note	2002 $	2001 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(111,756)	(49,845)
Interest received		3,841	37,404
Net cash (outflow) from operating activities	12	(107,915)	(12,441)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration expenditure payments		(67,298)	(37,205)
Net cash inflow/(outflow) from investing activities		(67,298)	(37,205)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share application moneys received		236,000	606,520
Share application moneys refunded		–	(606,520)
Share issue expenses			(68,257)
Net cash inflow/(outflow) from financing activities		236,000	(68,257)
Net increase/(decrease) in cash held		60,787	(117,903)
CASH AT BEGINNING OF FINANCIAL YEAR		48,303	166,206
CASH AT END OF FINANCIAL YEAR	1(i),5	166,206	23,427
RECONCILIATION OF OPERATING LOSS AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating (loss) after income tax		(138,930)	(120,977)
Exploration expenditure written off		–	25,771
Write off of share issue expenses		–	28,748
Changes in Assets and Liabilities			
Decrease (Increase) in other current assets		(6,286)	20,725
(Decrease) Increase in creditors and accruals		37,301	33,292
Net cash used in operating activities		(107,915)	(12,441)

*The financial statements are to be read in conjunction with the notes to and forming part of the accounts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of assets.

These accounting policies have been consistently applied by the Company and, except where there is a change in accounting policy as set out in Note 1(c), are consistent with those of the previous year.

(b) Going Concern

As at 31 December 2002 the Company has sufficient cash to pay its debts as and when they fall due. However, it is the intention of the Directors to continue to explore and develop its areas of interest for which rights of tenure are current. In order to do this, further cash injections by way of equity or debt may be necessary. The Directors are currently taking the appropriate action to ensure these funds are available when and as they are required. The financial statements have therefore been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company currently has a net working capital deficiency of $197,896, which is inclusive of $296,948 owed to related parties. Refer to note 9 for details on related parties. The related parties do not intend to call the amounts owing to them over the next 12 months, unless sufficient cash is received by the Company to pay for future exploration and license obligations where the Company intends to retain the commitment, and all other creditors of the Company

(c) Change in accounting policy

The accounting policies adopted are consistent with the previous year except for the accounting policy with respect to earnings per share. The Company has adopted Australian Accounting Standard AASB 1027 "Earnings Per Share" in 2002, including disclosure of Diluted Earnings Per Share.

(d) Reclassification of financial information

Comparative information with respect to shares held by directors Moriarty and Paterson (Note 9 Related Party Information) has been restated to correct an error in the prior year financial report. The total number of shares issued to directors' in the prior year was correct.

(e) Interests in Joint Ventures

The Company has a number of interests in unincorporated joint ventures. Joint operating control has not commenced on any of the ventures at present. Once joint operating control commences, the Company's interests will be recognised by including in the financial statements under the appropriate headings the Company's proportion of the joint venture revenue, expenses, assets, and liabilities.

(f) Exploration and development expenditure

- it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or

- exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made. Where there has been a decision to proceed with development, accumulated expenditure will be amortised over the life of the associated resource once extraction operations commence.

(g) Recoverable amount

Exploration and development expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where:Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount, assets are written down. In determining recoverable amount, the expected net cash flows have not been discounted to their present value.

(h) Income tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax, adjusted for any permanent differences between taxable and accounting income.

The effect of timing differences which arise from items being brought to account in different accounting periods for income tax and accounting purposes will be carried forward in the Statement of Financial Position as a future income tax benefit.

Future income tax benefits in relation to timing differences, will not be brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses will not be brought to account unless there is virtual certainty of the benefit being realised.

(i) Revenue recognition

Revenue includes interest income on short term investments, and is recognised on an accruals basis.

(j) Cash flows

For the purpose of the statements of cash flows, cash includes cash on hand and at bank and deposits held at call with banks.

(k) Payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Restoration obligations

No provision has been made in the accounts for restoration and rehabilitation of areas from which natural resources are extracted on the basis that significant exploration has not yet commenced. This policy will be subject to annual review.

(m) Seed Capital

Funding provided under non-recourse, non-refundable, non-interest bearing loans extinguishable by the issue of shares in the Company is classified as contributed equity at the time of receipt of proceeds.

(n) Earnings per share

Basic earnings per share is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:costs of servicing equity (other than dividends) and preference share dividends;

the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	2002 $	2001 $
2. REVENUE		
Ordinary activities – outside the operating activities		
Interest	3,841	10,284
Total revenue	3,841	10,284.
3. EXPENSES		
Administration expenses include the following amounts due to the Company's auditors, KPMG		
Audit or review of financial reports	3,000	3,000
Other	–	1,000
Total remuneration	3,000	4,000
4. INCOME TAX		
The amount of income tax attributable to the financial period differs from the prima facie benefit on the operating loss. The difference is reconciled as follows:		
Prima facie income tax benefit at 30% (2001: 30%) on operating loss	(41,679)	(36,293)
Tax effect of permanent differences:		
– non deductible items	20,972	8,684
Prima facie tax benefit adjusted for permanent differences	(20,707)	(27,669)
Net future income tax benefits not brought to account	20,707	27,669
Income tax attributable to operating loss	Nil	Nil

The Company has potential future income tax benefits of $93,751 (2001: $50,076) calculated at 30% (2001: 30%) attributable to tax losses and timing differences carried forward. They have not been brought to account because the directors do not believe it is appropriate to record the realisation of the future tax benefit as virtually certain. The benefits of these tax losses will only be obtained if:

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be realised;
(b) the Company can comply with the conditions for deductibility imposed by tax legislation; and
(c) no changes in the income tax legislation adversely affect the Company in realising the benefit from the deduction of the loss.

5. CASH		
Cash at hand and at bank	109,090	48,303
	109,090	48,303
6. EXPLORATION AND DEVELOPMENT		
Costs carried forward in respect of areas of interest in exploration and evaluation phase		
Balance at beginning of the year	696,758	693,426
Expenditure for the year	85,634	29,103
Less, amounts written off	(9,071)	(25,771)
Balance at the end of the year	773,321	696,758

7. CONTRIBUTED EQUITY

	2002	2001
Seed capital	236,000	-
Share capital		
Fully paid ordinary shares	985,202	985,202
Total contributed equity	1,221,202	985,202

	Number	$
Movements in ordinary fully paid share capital		
Fully paid ordinary shares		
Balance at 1st January 2001 and 31st December 2002	25,125,005	985,202

During the year, funding was raised via non-recourse, non-refundable, non-interest bearing loans provided to the Company by seed capitalists. The loans are only extinguishable via a share issuance, which occurred subsequent to year end (May 2003) whereby a total of 2,360,000 new ordinary shares were issued at $0.10 each. Seed capital has been classified as equity for financial reporting purposes, as the seed capitalists are exposed to changes in the fair value of the Company, similar to other shareholders.

Pursuant to a share exchange agreement dated 18 September, 1996, specific shareholders of the Company were granted free options to acquire shares in the capital of the Company if the Company is admitted to the official list of the Australian Stock Exchange Limited or any North American Stock Exchange. The holders of the free options are entitled to acquire shares in the capital of the Company at the price which the public subscription occurs exercisable at any time within a period of two years after the date of issue, and equals 10% of the total number of shares at the time of the Listing of the Company. KC Moriarty is entitled to 3.39% of any options issued and DA Paterson and related entities is entitled to 12.07% of any options issued.

8. ACCUMULATED LOSSES

	2002 $	2001 $
Accumulated losses at the beginning of the year	506,847	385,870
Loss for the year	138,930	120,977
Accumulated losses at the end of the year	645,777	506,847

9. RELATED PARTY INFORMATION

Directors - The names of persons holding the position of director of the Company during the year ended 31 December 2002 were:

KC Moriarty
DA Paterson
PE Cox – appointed 23 March 2002
MR Bobrowicz – resigned 23 March 2002

Amounts totaling $24,000 (2001: $10,411) have been included in the financial statements as payments for consulting services provided to the Company by Towarnie Geosciences, an entity controlled by KC Moriarty, and an amount of $2,000 has been accrued at year end for accounting and secretarial services due to PE Cox.

At balance date the relevant interest of each Director in ordinary fully paid shares, and options of the Company were:

DIRECTOR	2002	2001
KC Moriarty	8,837,503	9,187,503
DA Paterson	9,287,502	9,737,502
PE Cox	200,000	

Refer Note 7 for details of unlisted options over ordinary shares.

As at 31 December 2002 the spouse of DA Paterson had a loan to the Company of $81,391. The loan is repayable on demand, was interest-free prior to 30th June 1999, and 8% simple interest payable quarterly in arrears applies after 30 June 1999. That loan and accrued but unpaid interest of $11,393 remains outstanding at the date of these financial statements. As at 31 December 2002 Sanglo Pty Ltd a company controlled by DA Paterson and his spouse had a loan to the company of $39,000 bearing a simple interest rate of 10% payable quarterly in arrears. That loan and accrued but unpaid interest of $6,825 outstanding at the date of these financial statements is repayable on demand.

KC Moriarty and the Company entered into a consultancy agreement on 15th August 1997, before Dr Moriarty became a director of the Company. The key elements of the agreement are:

- The Company will pay KC Moriarty a quarterly fee of $12,500
- KC Moriarty will provide special access to his consultancy time being 500 hours per annum first 12 months, 200 hours per annum for the next 48 months without additional charge.
- The Company's obligations under this agreement cease forthwith if the joint venture agreement with Western Metals Copper Limited is terminated.

This agreement expired on 15th August 2002. KC Moriarty is due payments totaling $158,339 pursuant to this agreement of which $31,250 was accrued but not paid in respect of the current financial period. No interest has been paid or is payable on outstanding amounts.

10 EARNINGS PER SHARE

Basic earnings (loss) per share (cents)	(0.55)	(0.48)
Diluted earnings (loss) per share (cents)	(0.55)	(0.48)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	25,125,005	25,125,005

The calculation of Diluted earnings per share does not include weighted dilutive potential ordinary shares on issue as to do so would have the effect of reducing the amount of the loss per share.

11 FINANCIAL INSTRUMENTS

Credit Risk - The credit risk on financial assets of the Company which have been recognised on the statement of financial position is the carrying value.

Interest Rate Risk - The Company's exposure to the effective interest rates on each class of financial instrument is set out below:

2002	Note	Floating interest rate	Non-interest bearing	TOTAL
Financial Assets				
Cash and deposits	5	109,090	-	109,090
Other		-	6,962	6,962
		109,090	6,962	116,052
Weighted average interest rate		3.4%		
Financial Liabilities				
Accounts payable		-	193,557	193,557
Interest bearing liabilities		120,391	-	120,391
Net Financial assets		120,391	193,557	313,948
Weighted average interest rate		8.6%		
2001				
Financial Assets				
Cash and deposits	5	48,303	-	48,303
Other		-	676	676
		48,303	676	48,979
Weighted average interest rate		3.0%		
Financial Liabilities				
Accounts payable		-	146,991	146,991
Interest bearing liabilities		120,391	-	120,391
Net Financial assets		120,391	146,991	267,382
Weighted average interest rate		8.6%		

Net fair values - The directors consider that the carrying value of financial instruments approximates their net fair value.

12 SEGMENT INFORMATION

The Company operates in the mineral exploration industry in South Australia.

13 EVENTS SUBSEQUENT TO BALANCE DATE

On 14th January 2003 MIM advised that they had been unable to progress the necessary access approvals for EL 2879 with the Barngarla and Kokatha Aboriginal Groups. Pursuant to the Carrapateena Option & Joint Venture Agreement they advised force majeure suspending the option period. By letter dated 24 March 2003 MIM advised various access approvals had been received and the force majeure had ended resulting in the option period pursuant to the agreement concluding on 13th July 2003.

In early May 2003 the Company received correspondence from WMCL that proposed, amongst other important changes, an extension of the FEJV to 30 July 2005. Refer note 14 point 1 for details of this Deed of Variation.

The Company and / or its joint venture partners have taken the necessary steps required to facilitate ongoing tenure on the titles detailed above.

In May 2003 the Company issued the following shares and options to unrelated parties.

Entity (ies)	Security Type	Number	Issue Price	Comments
Seed capitalists	Ord fully paid	2,360,000	$0.10 each	$236,000 banked in 2002
R MA Gomez	Ord fully paid	500,000	$250.00 total	Pursuant to GLEJV exercise
BI Gomez	Ord fully paid	150,000	$75.00 total	Pursuant to GLEJV exercise
AL Hoppe	Ord fully paid	100,000	$50.00 total	Pursuant to GLEJV exercise
Mount Isa Mines	Options 20 c	2,000,000	nil	Related to Carrapateena Option & JV
R MA Gomez	Options 20 c	600,000	$60.00 total	Pursuant to GLEJV exercise
BI Gomez	Options 20 c	200,000	$20.00 total	Pursuant to GLEJV exercise
AL Hoppe	Options 20 c	200,000	$20.00 total	Pursuant to GLEJV exercise
Mount Isa Mines	Placement option	10%	10% discount to market	Related to Carrapateena Option & JV and access to technology

In May 2003 the Company relinquished Pootnoura Exploration Licence EL 3023. Expenditure incurred up to 31 December 2002 on this tenement has been written off in the accounts to 31 December 2002.

By way of letter dated 6th June 2003 AXG advised the Company that they will not meet their $425,000 minimum expenditure requirement pursuant to the CEJV and that no further work was planned or would be carried out before the first anniversary of the CEJV. The Company wrote to AXG on 11th June 2003 advising that they were in breach of various CEJV obligations. Failure to meet the minimum expenditure by the first anniversary date, being the 13th June 2003, invokes clause 2.6(c) of the CEJV which says AXG is deemed to have withdrawn from the joint venture. Your directors have requested AXG to provide precise details of expenditure undertaken pursuant to the CEJV and will undertake appropriate actions to protect the company's position and assets.

14 CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

(1) Fleurieu Exploration Joint Venture ("FEJV") (Terramin 60%)

The Company continues to be involved in a joint venture over three exploration licences located on the Fleurieu Peninsula south east of Adelaide. Details of the titles and related expenditures are provided in the following table.

Title Name	Licence Number	Area (sq kms)	Licence Expiry	Terramin Interest	PIRSA Expenditure Commitment A$
Langhorne Creek	EL 2677	617	02 12 2001	60%	$55,000
Bremer	EL 2839	457	09/09/2003	60%	$300,000 two terms
Currency Creek	EL 3128	174	pending	60%	$40,000 likely
Menninnie Dam	EL 2848	101	24 09 2003 pending	60%	$80,000 two terms

The Company has spent approximately $864,653 including 15% overhead on exploration over FEJV titles. A total of $4.0 million in expenditure is required to be spent within six years of the FEJV commencement dated of 3 July 1997. This expenditure commitment has been renegotiated with WMCL pursuant to a Deed of Variation signed on 23 June 2003 and which is summarized as follows :

a. FEJV is renamed Fleurieu & Menninnie Dam Joint Venture ("FMDJV") with the inclusion of EL 2848 into the joint venture. Terramin thereby assumes responsibility for PIRSA expenditure commitments on EL 2848 being $40,000 per annum.

b. Clause 2.5(b) is amended reducing total expenditure from $4 million to $2 million and by extending the date from 30 July 2003 to 31 December 2005 by which Terramin must expend the $2 million to confirm its 60% interest in the FEJV titles and EL 2848.

c. Terramin has the option to buyout WMCL from the FMDJV in exchange for $1 million worth of Terramin shares (or Newco shares via an ASX backdoor Listing) once listed on ASX. In addition Terramin would be required to pay a 2.5% Net Smelter Return royalty to WMCL from production from any of the FMDJV titles and subject to a maximum cumulative payment of $12 million.

d. Terramin is to issue WMCL 2 million unlisted 20 cent exercise options with a 3 year expiry.

The Fleurieu Joint Venture includes deeds referred to the as the Garwood Deeds. Graham & Pamela Garwood hold an extractive minerals lease within former EL2162 which covers part of the Angas Deposit near Strathalbyn. The Company via the joint venture agreement has a number of obligations and contingent liabilities which in summary comprise:

A $20,000 per annum option payment to the Garwoods payable by the 9 October each year. By way of letter dated 2nd October 2001 the Garwoods agreed to a variation of the 9th October 1992 agreement, suspending the annual option payment of $20,000 until such time as the joint venture parties or their legal successors have pegged, and have approved by PIRSA a mining lease over any part of the Angas prospect. Payment of a royalty (1% of 'net' profits from mining conducted in the area of the extractive minerals lease) to the Garwoods should the option be exercised and mining commence.

In the first 12 months of the joint venture agreement Terramin had to expend not less than A$300,000. This has been spent and the Company has no other binding fixed dollar commitments with respect to the joint venture agreement.

The Company has an obligation to meet various expenditure commitments as imposed and/or negotiated with PIRSA.

(2) Craton Exploration Joint Venture Titles (initially 100% interest / AXG Mining confirming 51%)

During 2002 the Company was granted title over the following Exploration Licences.

Title Name	Licence Number	Area (sq kms)	Licence Expiry	Terramin Interest	PIRSA Expenditure Commitment A$
Ingomar	EL 2969	1,236	12.06.2003	49 %	150,000
Lake Eyre	EL 2970	664	12.06.2003	49 %	95,000
Phar Lap	EL 2987	143	24.07.2003	49 %	45,000
National Trig	EL 3039	1,150	24.10.2003	49 %	140,000

Effective 25 March 2002, the Company entered into a joint venture agreement with AXG Mining Ltd ABN 93 092 304 964 (***AXG***) and WRF Securities Ltd ACN 000 714 054 (***WRF***) over the above titles. The joint venture commenced upon the grant of any exploration licence over any of the tenements and was subsequently confirmed to be 13th June 2002

The agreement provides for AXG to confirm a 51% interest subject to the following:

1. AXG must incur minimum expenditure of $425,000 within 12 months following the commencement of the joint venture; and
2. AXG must incur total expenditure of at least $1,800,000 within 4 years following the commencement of the joint venture.

Subject to AXG being required to incur the minimum expenditure of $425,000, either party may withdraw from the joint venture by giving 30 days notice to the other joint venturers in which case, the withdrawing joint venturer's interest shall be forfeited. Pre-emptive rights exist on the assignment of a joint venture interest by either party other than in relation to assignment to a related body corporate.

WRF guarantees the performance of the agreement and the payment of any moneys under the agreement by AXG until the earlier of the minimum expenditure being paid by AXG or AXG Listing on the ASX.

Terramin has a contingent liability in relation to exploration expenditure commitments determined largely by and mitigated by AXG's minimum expenditure and any future decision by AXG not to continue to earn their 51% interest. Recent events relating to AXG's deemed withdrawal from the CEJV, referred to above sees the Company resume responsibility for the PIRSA expenditure commitments on the four titles above.

(3) Gawler Lakes Exploration Joint Venture Titles ("GLEJV")

Title Name	Licence Number	Area (sq kms)	Licence Expiry	Terramin Interest	PIRSA Expenditure Commitment A$
Lake Gairdner North	EL 3049	2,450	02.12.2003	Confirming 60%	270,000
Lake Gairdner South	ELA 098/02 was EL 2408	1,145	tba	Confirming 60%	tba
Lake Torrens South	EL 2829	232	13.08.2003	Confirming 60%	50,000

The Company entered into an option agreement with RMG Services Pty Ltd ACN 007 756 443 (***RMG***) on 27/03/2002. The agreement gives the Company the option to operate a joint venture with RMG upon the terms of the Gawler Lakes Joint Venture Agreement (described below) in respect of the following tenements held by RMG: ELA 185/01 (EL 2257)and now EL 3049; EL 2408 and now ELA 098/02; EL 2879; and EL 2829. The Company paid $25,000 and procured the transfer of 200,000 Shares to RMG for $100 in consideration of being granted the option. The option period was for 3 months from the date of the option and renewable for a further 3 months by the Company upon paying a further $25,000 to RMG.

Prior to exercise of the option, the Company has control and responsibility for management of the tenements and is responsible for any expenditure required to maintain the tenements in good standing.

The Company exercised the option on 26th June 2002 and is now deemed to have confirmed 15% of its 60% interest.

On exercise of the option the Company was required to :

1. issue 750,000 Shares to RMG subject to receiving $375 and subject to the ASX Listing Rules;
2. issue 1,000,000 Options for $100 on the following terms:
3. exercise price of 20 cents;

    a. exercisable for 3 years from the second anniversary of the day Terramin is admitted to the Official List of the ASX:
    b. the Options may be exercised in minimum tranches of 200,000;
    c. Terramin will make application for Listing of the Shares the subject of the exercise of the Options in accordance with the ASX Listing Rules
    d. the Options will be subject to the ASX Listing Rules; and
    e. The Options may not be transferred before exercise without written approval of the Company which approval may not be unreasonably withheld.

4. issue 4,000,000 Options in respect of the following tenements on the terms listed below:

~~ELA 185/01 (EL 2257) now EL 3049~~	~~1,400,000~~
EL 2408 now ELA 098/02	1,400,000
EL 2879	600,000
EL2829	600,000

    a. exercise price of 10 cents subject to Condition 11of the ASX Listing Rules;
    b. exercisable subject to exploration access over more than 50% of the area of each tenement being obtained (**"Clearance"**);
    c. the Options may be exercised in minimum tranches of 200,000;
    d. the Company will make application for Listing of the Shares the subject of the exercise of the Options in accordance with the ASX Listing Rules;
    e. the Options will be subject to the ASX Listing Rules; and
    f. The Options may not be transferred before exercise without written approval of the Company which approval may not be unreasonably withheld.

5. pay $150,000 to RMG within 7 days of the Company being admitted to the Official List of the ASX.

Security allotments covering points 1 and 2 have been instigated. The liabilities relating to points 4 and 5 remain. On 24 June 2002 the Company and RMG Services agreed verbally to amend clause 4 above and issue the 4,000,000 options at Listing and to reduce by $0.5m Terramin's exploration commitment, referred to at point 4 below, that is required to confirm its 60% interest in the GLEJV titles.

Gawler Lakes Exploration Joint Venture Agreement ("GLEJV")

The agreement provides for the Company to have a 60% interest and for RMG to have a 40% interest in the joint venture subject to the following:

1. The Company will confirm a 15% interest upon satisfaction of its obligations listed in the summary of the Option Agreement once it has exercised the option.

2. The Company must incur a minimum exploration expenditure of $550,000 within 12 months of whichever is the later of the Company Listing on the ASX or the date a Clearance is obtained in respect of a tenement

3. The Company will confirm a further 15% interest by incurring total expenditure of $900,000 (which is inclusive of the $550,000 minimum) within 2 years of.

4. The Company will confirm a further 30% interest by incurring additional expenditure of $1,100,000 within 4 years of whichever is later of the Company Listing on the ASX or the date a Clearance is obtained in respect of a tenement.

The Company is the manager of the joint venture and shall be responsible for such management in accordance with the programs set by the management committee. Either party may withdraw from the joint venture by giving 30 days notice to the other joint venturers in which case, the withdrawing joint venturer's interest shall be forfeited. Pre-emptive rights exist on the assignment of a joint venture interest by either party other than in relation to assignment to a related body corporate.

(4) Carrapateena Option & Joint Venture Agreement

Title Name	Licence Number	Area (sq kms)	Licence Expiry	Terramin Interest	PIRSA Expenditure Commitment A$
Carrapateena	EL 2879	267	06.01.2005	Refer note 1 page 5	50,000 pa

On 29th October 2002 Mount Isa Mines Limited ("MIM"), Terramin Australia Limited and RMG Services Limited entered into the Carrapateena Option and Joint Venture Agreement covering EL 2879. This agreement gave MIM the right to carry out exploration over the title for a period of six months and then at its discretion exercise an option to commence a joint venture farm-in.

During the option period which currently expires on 13 July 2003 MIM is required in summary to :

a. Expend a minimum of $100,000 on exploration and associated activities
b. Pay to the GLEJV Manager, Terramin, 10% of MIM's expenditure during the option period

Following exercise of the option and commencement of the farm-in period MIM is required in summary to :

a. earn at its discretion a 70% interest by spending $4,000,000 within 5 years including its expenditure during the option period.
b. Carry out a minimum of 2000 metres of drilling during the first 12 months of the farm-in period. Drilling carried out during the option period will be counted as part of the drilling commitment.

On MIM exercising its option Terramin and RMG agreed they would excise EL 2879 from the GLEJV.

At the commencement of the farm-in period interest of the parties will be MIM nil %, Terramin 60% & RMG 40%. If MIM complies with its farm-in commitments then at the earning date the respective joint venture interests will be MIM 70%, Terramin 18% and RMG 12%.

The Company has no immediate exploration commitments in relation to EL 2879. Depending upon exploration results and a future decision by MIM to exercise its option and commence the farm-in Terramin may inherit future exploration commitments and liabilities. They can not be quantified at this time.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 21 to 63:

a. comply with Australian Accounting Standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements; and

b. give a true and fair view of the Company's financial position as at 31 December 2002 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001, and (b) there are reasonable grounds to believe that the Company will be able pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

KC Moriarty Director

DA Paterson Director

Dated this 30th day of June 2003.

At Adelaide, South Australia

INDEPENDENT AUDIT REPORT

Scope

We have audited the financial report of Terramin Australia Limited ("the Company") for the financial year ended 31 December 2002, consisting of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying notes, and the Directors' Declaration set out on pages 51 to 64. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the financial report of Terramin Australia Limited is in accordance with:

1. the Corporations Act 2001, including:
   a. giving a true and fair view of the Company's financial position as at 31 December 2002 and of its performance for the year ended on that date; and
   b. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
2. other mandatory professional reporting requirements in Australia.

KPMG

Partner: Brent Steedman

Dated at Adelaide on this 30th day of June 2003

9 Investment Considerations

The Shares offered under this Prospectus should be considered speculative and prospective investors in the Company should consider the risk factors described in this Section, together with the information contained elsewhere in this Prospectus.

There are inherent risks involved in investing in the sharemarket and in the Shares of the Company. The Company's projects are at an exploration stage, and while some resource estimates have been determined, additional exploration activity needs to be undertaken. No assurances can be given that the Company's exploration activities will enable the establishment and operation of a commercially viable mining operation.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed. Investors should consider the information contained in the entire Prospectus, before deciding whether to apply for shares.

RESOURCE ESTIMATES

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could affect the Company's operations.

OPERATING RISKS

The Company's mineral assets are in a pre-development phase. As a result, the Company will be subject to all the risks inherent in the establishment of new mining operations. No assurances can be given to the level of viability that the Company's operations may achieve.

The operations of the Company, once it commences production, may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to or destruction of production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

COMMODITY PRICE VOLATILITY

Most of the Company's revenues will be derived from the sale of metal concentrates. Metal prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for base metals, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, metal prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for and supply of the metal as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

ENVIRONMENTAL RISKS

The Company's projects are subject to South Australian and Federal laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

TITLE

All of the tenements in which the Company has an interest will be subject to applications for renewal and re-grant. Unless a tenant includes a right of renewal (limited to an aggregate tenement term of 5 years), the renewal of the term, or re-grant, of each tenement is at the discretion of

the Government. If a tenement is not renewed or re-granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on the tenement. For further information on the issue of title, refer to the Solicitor's Report (Section 7).

NATIVE TITLE AND ABORIGINAL HERITAGE RISKS

The Directors are aware of a number of native title claims which wholly or partially cover the Company's exploration project areas.

Native title has been extinguished on the areas proposed for zinc mining near Strathalbyn and is not considered to pose a risk to development.

Claims over the Company's other tenements may impact upon planning and implementation of future exploration and development programmes. The potential also exists for further native title claims to be lodged over any existing or future tenement area (other than the Company's existing tenement area proposed for zinc mining near Strathalbyn). native title issues have the potential to cause significant delays to exploration if the activities are considered to affect native title.

The Directors therefore consider the potential for native title claims lodged over the areas containing exploration projects to be a risk to investment. For further information on native title generally and, the native title claims in areas of interest to Terramin, investors are referred to the native title and related sections in the Solicitor's Report appearing in Section 7 of this Prospectus.

Commonwealth and State legislation obliges Terramin to identify and protect sites and objects of significance to Aboriginal tradition and Aboriginal remains. Further details of this legislation are set out in the Solicitor's Report in Section 7 of this Prospectus. Some protected sites, objects or remains may be identified within the Company's tenements. It is therefore possible that one or more sites, objects or remains will exist in an area which the Company considers to be prospective. The Company's policy is to carry out clearance surveys prior to conducting exploration which would cause a disturbance to the land surface.

SHARE MARKET CONDITIONS

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

GENERAL ECONOMIC CLIMATE

Factors such as inflation, price fluctuations, interest rates, exchange rates and industrial disruption can have an impact on the Company's future revenues and Share price. Changes in government, monetary policies, taxation and other laws can have an influence on the outlook for companies and the return to investors.

NO VALUATION

No formal valuation has been completed of the exploration projects or the Shares of the Company. The Company makes no representation as to the value of the exploration assets. It is recommended that intending investors and their advisers should make their own assessment as to the value of the exploration projects

INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods beginning on or after 1 January 2005 Terramin must comply with International Financial Reporting Standards ("IFRS") as issued by the Australian Accounting Standards Board.

All financial information disclosed in this Prospectus has been prepared in accordance with generally accepted accounting principles in Australia ("Australian GAAP"). No attempt has been made to identify all disclosure, presentation or classification differences between Australian GAAP and IFRS that would affect the manner in which transactions or events are presented.

Regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the differences between Australian GAAP and IFRS described below and the impact of these differences relative to Terramin's financial statements in the future. In particular, there is no IFRS specific to the extractive industries, and a project team of the International Accounting Standards Board is currently addressing issues that will involve potential changes to IFRSs prior to 2005 and longer term issues that will be addressed after 2005. You should consult your own professional advisers for an understanding of the differences between Australian GAAP and IFRS.

Management has not quantified the potential impacts on the financial performance and financial position of Terramin of the adoption of IFRS, including system upgrades and other implementation costs which may be incurred. The actual impacts will depend on the particular circumstances prevailing at the time of adoption. Accordingly, there can be no assurances that the financial performance and financial position of Terramin as disclosed in this Prospectus would not be significantly different if determined in accordance with IFRS.

SUMMARY OF MATERIAL CONTRACTS

The following pages outline, in summary form, the main provisions of the primary contracts that relate to Terramin.

To fully understand all rights and obligations arising from those contracts, you should read them in full and seek independent advice in relation to them. Copies of all of the contracts are available for inspection at the office of the Company, the address of which appears in the Directory.

10.1 Fleurieu Exploration Joint Venture

The Company entered into a joint venture agreement (***FMDJV Agreement***) with Aberfoyle Resources Limited, now Western Metals Copper Limited (Receivers and Managers appointed)(Administrators Appointed) (***WMCL***) on 30 July 1997 (***Commencement Date***) pursuant to which the parties have agreed to conduct the Fleurieu Exploration Joint Venture (***FMDJV***). The Company entered into an amending deed with WMCL dated 23 June 2003 (***Amending Deed***), which is summarised below, varying the agreement and renaming the joint venture the Fleurieu and Menninnie Dam Joint Venture.

The Company has a 60% interest in the FMDJV, however, in order to confirm that 60% interest in the FMDJV, it is required to contribute $2,000,000 to joint venture expenditure by 31 December 2005. WMCL has a 40% interest but is not required to contribute until the Company confirms its 60% interest. Any amount spent by the Company on the purchase and/or hire of plant and equipment to be used in extraction and/or processing of ore from the FMDJV Tenements will not count towards the required $2,000,000 total expenditure.

The FMDJV relates to exploration licences 2839, 2848, 3139 and 2677 and the Menninnie Dam tenement which, as summarised below, was added to the FMDJV by the Amending Deed (***FMDJV Tenements***). The FMDJV Tenements are subject to change with the approval of the management committee of the FMDJV. The Company is entitled to be registered as a tenant in common of all of the FMDJV Tenements.

The FMDJV Agreement provides for the establishment of a management committee consisting of one representative from each joint venture party who is entitled to vote in proportion to the interests held by the party she/he represents. The FMDJV Agreement provides that the FMDJV must be conducted in accordance with programs and budgets prepared by the manager of the FMDJV and approved by the management committee. Once Terramin confirms its 60% interest in the FMDJV, the parties are required to contribute to the expenditure of the FMDJV in accordance with the approved programs and budgets and in proportion to the interests that they hold in the FMDJV.

In the period from the Commencement Date to the date on which the Company confirms its 60% interest, the Company, as the manager, is solely responsible for all expenditure commitments.

Either party may elect to reduce its interest in the FMDJV and not contribute to an approved budget. That party's interest will be reduced by 1% for every $450,000 of expenditure incurred by the party continuing to contribute to the budget. If the party who elects to reduce its interest is diluted to a 10% interest and does not elect to recommence, it will be deemed to have withdrawn from the FMDJV.

The Company is currently the manager of the FMDJV. In this capacity, the parties have appointed the Company as their agent to carry out the exploration and to manage any resulting mining operations, subject to the approval of programs and budgets by the management committee. In its capacity as manager, the Company shall only be liable to the parties for any loss or damage which results from the Company's gross negligence or wilful misconduct, provided that in those circumstances the Company shall not, in its capacity as manager, be liable for any lost production or loss of profits or other consequential losses.

The Company may resign as manager by giving 30 days notice in writing to each other party to the FMDJV. In addition, the Company can be removed as manager in the event that its interests in the FMDJV fall below 50%, the Company refuses or fails to act as manager for a period of 60 successive days, the Company elects in writing to cease contributing or fails to contribute to the joint venture expenditure, or an event of default occurs in respect of the Company.

Either party can elect to withdraw from the FMDJV by providing 30 days notice to the other party. Should a party make this election, its interest is forfeited and it will be discharged of all further rights, obligations and liabilities under the FMDJV Agreement, except for any obligation or liability which has accrued prior to the withdrawal of the party, including its pro rata share of expenditure required to keep the FMDJV Tenements in good standing. Once a party withdraws, its interests shall be forfeited and transferred to the other party.

Each party to the FMDJV Agreement holds a pre-emptive right in relation to the interests of the other party or parties to the FMDJV. That is, if a party wishes to sell or assign part of, or all of, its interest in the FMDJV to a third party purchaser that is not a related corporation each other party has the option to purchase from that transferor the interest offered for sale at the same cash price and on the same terms and conditions offered by the prospective third party purchaser.

Upon a decision being made to commence any mining operations, the parties are obliged to negotiate in good faith with a view to entering into one or more agreements relating to the specific mining operations proposed to be conducted. The FMDJV Agreement sets out the terms upon which the new agreement or agreements are to be based. However, if no new agreements are entered into, the FMDJV Agreement continues to apply to the conduct and regulation of the relevant mining operations.

Unless terminated pursuant to the terms of the FMDJV Agreement, or by the withdrawal of a party, leaving only one party, the FMDJV Agreement will continue until the completion of environmental rehabilitation, the exploration, sale or other disposal of the FMDJV Tenements, and until all materials, supplies and equipment have been salvaged and disposed of and the final accounting has been made between the parties.

Stephen Longley and Laurence McEvoy of Pricewaterhouse Coopers were appointed as receivers and managers of WMCL on 22 July 2003 and Martin Jones and Garry Trevor of Ferrier Hodgson were appointed as administrators of WMCL on 18 July 2003. The FMDJV Agreement provides that it is an event of default if a receiver or receiver and manager are appointed (and which receiver and manager is not removed within 30 days of such appointment) in respect of a party's business. Such an event of default has no effect provided that the defaulting party, at all times while the event of default is subsisting, punctually carries out and performs its obligations under the FMDJV Agreement. If an event of default occurs, and the defaulting party fails to carry out and perform its obligations under the FMDJV, the defaulting party shall:

- if required by the management committee, offer its interest to each non-defaulting party for purchase at a price to be agreed by the non-defaulting parties and the defaulting party or, failing agreement within 30 days after the date of service of the notice requiring the defaulting party to offer its interest, at a price determined by an independent expert, or assign its interest to any other person, for such consideration as may be negotiated bona fide by the non-defaulting parties;
- pay to the manager such of the proceeds of any assignment of its interest as may be necessary to make good the amount of any outstanding expenditure which may be owed by or to the account of the defaulting party, including any costs and expenses incurred by any non-defaulting party as a consequence of the occurrence of such event of default; and
- immediately forfeit all right to claim any monies owing to it and unpaid by the manager, including without limitation any proceeds of sale of bulk samples and any refundable bonds or deposits and any minerals which may have been derived from the FMDJV Tenements but have not been delivered to the defaulting party.

The FMDJV Agreement incorporates, by reference, certain provisions of the Garwood Deed. Those provisions are discussed below in the summary of that Deed.

Fleurieu Exploration Joint Venture Amendment Deed

The Company entered into an amending deed with WMCL dated 23 June 2003 varying the FMDJV Agreement (***Amending Deed***).

Exploration License 2848 (known as Menninnie Dam) was incorporated as an additional tenement to the FMDJV. As such, the FMDJV became known as the Fleurieu and Menninnie Dam Joint Venture. The Amending Deed required WMCL, upon the written request of the Company, to promptly assign a 60% interest in the Menninnie Dam tenement to the Company. This 60% interest is also subject to confirmation upon the Company incurring the required $2,000,000 total expenditure. Any amount spent by the Company on the purchase and/or hire of plant and equipment to be used in extraction and/or processing of ore from the FMDJV Tenements (including the Menninnie Dam tenement) will not count towards the required $2,000,000 total expenditure.

In consideration of the reduction in the required total expenditure to $2,000,000, the Company has agreed to grant WMCL, or its nominee, 2,000,000 unlisted options over ordinary shares in the Company on terms described in section 11, "Additional Information", of this Prospectus.

Subject to the Company granting the required options to WMCL, WMCL has agreed to grant the Company an option to acquire WMCL's interest in the FMDJV (***Call Option***). The consideration payable to WMCL upon exercise of this Call Option is the issue to WMCL of ordinary shares in the Company (***Consideration Shares***) having a market value of $1,000,000 based upon the average of the closing price of those shares on the ASX on the five days preceding the exercise of the Call Option provided that the Company must be listed on the ASX at the time of the exercise of the Call Option. These shares must be issued to WMCL on the date on which the sale of WMCL's interests in the FMDJV occurs following the exercise of the Call Option, such date to be no later than 60 days after the exercise of the Call Option. The Call Option is exercisable by the Company at any time up to 31 December 2005, however it is subject to and conditional upon receipt of ministerial approval to the transfer of WMCL's interest in each of the FMDJV Tenements and the Company obtaining approval to the issue of the

Consideration Shares to WMCL under section 611(7) of the Corporations Act (approval by resolution of target), if required, and obtaining any other required consents pursuant to the Corporations Act or the ASX Listing Rules.

At the time at which the Company is required to issue the Consideration Shares to WMCL, the Company must:

- enter into a deed by which it agrees to pay WMCL a royalty equal to 2.5% of the net smelter return from mineral products produced from ore from the FMDJV Tenements. The obligation to pay the royalty will expire when the cumulative payments to WMCL reach $12,000,000; and
- enter into a deed of covenant with the other parties to the Garwood Deed to comply with and perform in accordance with the terms and conditions of the Garwood Deed. The deed of covenant must contain a release of WMCL by each of the other parties, provided however that if the Garwoods do not consent to such a release, the Company will indemnify WMCL from all obligations and liabilities in relation to the Garwood Deed.

Upon the acquisition by the Company of WMCL's interest in the FMDJV, and the issue of the required options and Consideration Shares, the FMDJV Agreement will terminate.

The Amending Deed provides that a unanimous decision of the management committee is required to decide whether and when mining operations will commence and be carried out on any part of the FMDJV Tenements (including the Menninnie Dam tenement) if that decision is made prior to the payment by the Company of the required $2,000,000 total expenditure. In addition, mining operations cannot start prior to the completion by the Company of the required $2,000,000 total expenditure unless WMCL provides its consent. If bulk sampling or trial mining operations do commence with the consent of WMCL prior to the Company incurring the required $2,000,000 of total expenditure then the right to the minerals produced and all revenue derived from such mining operations will belong exclusively to WMCL until the Company has confirmed its 60% interest by way of incurring the required $2,000,000 total expenditure.

10.2 Garwood Deed

The Garwood Deed was entered into on 9 October 1992 between Aberfoyle Resources Ltd, now Western Metals Copper Ltd (Receivers & Managers Appointed)(Administrators Appointed) (***WMCL***) and Graham Herbert Garwood and Pamela Margaret Garwood (***Garwoods***).

The Garwood Deed states that Graham Garwood is the registered holder and beneficial owner of the Garwood Tenement (Mining Lease 5325 for extractive minerals) and that Graham Garwood and Pamela Garwood (***Garwoods***) are registered holders of Crown Lease No. 8288 of land in the vicinity of Strathalbyn which includes the area covered by the Garwood Tenement.

The Deed provides that, on the assumption that WMCL's exploration will be successful, it is the intention of Graham Garwood and WMCL that it's mining operations and Graham Garwood's mining of extractive minerals will occur contemporaneously.

During the period from the date of execution of the Deed to 12 months after that date (***Option Period***), subject to extensions in accordance with the Deed, WMCL shall have full access to the area of interest, being the land including the tenements, for the purpose of carrying out exploration, subject to the terms on which the Garwood Tenement is granted to Graham Garwood, except with respect to extractive minerals, which Graham Garwood retains the rights to. However, during the Option Period, WMCL cannot conduct any mining operations within the area of interest.

During the Option Period WMCL is entitled to apply for a mineral claim and any other form of exploration or mining tenement over part or all of the area of interest, but only in respect of minerals (not including extractive minerals). Graham Garwood is required to consent to such an application and to the grant of the respective tenement.

The Garwood Deed provides that Graham Garwood grants to WMCL an option to carry out mining operations in consideration for $20,000 payable upon execution of the Garwood Deed exercisable during the Option Period. WMCL may automatically extend the Option Period by successive periods of one year by paying to Graham Garwood $20,000 on or before the date which is an anniversary of the date of execution of the Garwood Deed. This has been amended pursuant to a letter of agreement dated 2 October 2001 whereby the option extension fee was reduced to zero dollars per annum until such time as the Company and WMCL are successful in pegging and have approved by PIRSA a mining lease covering any part of the Angus Pb/Zn prospect of Strathalbyn. The option will lapse if WMCL fails to pay the option fee.

WMCL is entitled to terminate the Garwood Deed at any time during the Option Period. In that event, the parties cease to have any liability or obligation under the Garwood Deed provided that no part of the option fee paid nor any amount paid or incurred by WMCL in relation to mining exploration and obtaining mining rights shall be refundable.

WMCL is entitled to terminate the Garwood Deed if any required approvals or consents are not received within 180 days after the date of exercise of the option or are received on conditions which are deemed to be unacceptable to WMCL.

If the option is exercised, WMCL must pay to Graham Garwood a royalty fee if and when mining operations are commenced. The royalty fee will be 1% of net profits, paid annually in arrears and are required to be paid until such time as WMCL ceases the mining operations within the area of interest.

Graham Garwood is responsible for the payment of all rents, royalties, taxes and other charges and all amounts relating to expenditure, condition and exemption there from which must be paid to keep the title of the Garwood Tenement in good standing. In addition, Graham Garwood is obliged to do all things necessary or desirable to keep in full force and effect his title to the Garwood Tenement and make all necessary applications for renewal in this regard. WMCL is entitled to register a caveat forbidding the recording of any assignment or mortgage in respect of the Garwood Tenement.

Both parties indemnify each other for all claims, actions, damages, costs, expenses and losses arising from their mining operations or breach of the Garwood Deed.

WMCL has a right of first refusal should the Garwood's attempt to sell or assign all or part of their interest in the Garwood Tenement and adjacent land. WMCL also has a pre-emptive right to purchase any interest offered for sale by the Garwoods at the same cash purchase price and on the same terms and conditions offered by the prospective third party purchaser.

The FMDJV Agreement provides that the Company assumes entirely the obligation of WMCL under the Garwood Deed to make payments of $20,000 to Graham Garwood for the extension of the Option Period provided for in the Garwood Deed. This has been amended pursuant to a letter of agreement dated 2 October 2001 whereby the option extension fee was reduced to zero dollars per annum until such time as the Company and WMCL are successful in pegging and have approved by PIRSA a mining lease covering any part of the Angus Pb/Zn prospect at Strathalbyn. This is deemed to be part of the FMDJV expenditure. The Company also agrees that, in the event that mining operations are carried out within the area of interest under Garwood Deed, it will contribute to the royalty payable to Graham Garwood pursuant to the Garwood Deed in proportion to its interest at that time. WMCL has agreed that it will not terminate the Garwood Deed unless it has received the prior written consent of the Company.

In addition, the FMDJV Agreement obliges the company to enter into a certain Deed of Covenant. The Company entered into that Deed on 3 October 1997 pursuant to which it agreed to comply with and perform in accordance with the terms of the Garwood Deed and to assume the obligations as would otherwise be required to be performed and assumed by WMCL under the Garwood Deed. By way of that Deed, the Garwoods acknowledged that the rights granted to WMCL pursuant to the Garwood Deed are now shared by WMCL and the Company in proportion to the respective interests in the FMDJV.

10.3 MIM Option Agreement

In consideration for MIM Exploration Ltd (***MIM***) providing MIMDAS over the Angas Prospect, the Company agreed to issue to MIM 2,000,000 unlisted options over ordinary shares in the Company on terms described in section 11, "Additional Information", of this Prospectus.

10.4 Share Exchange Agreement

The Company entered into a share exchange agreement dated 18 September 1996 with Terragold Explorations Inc. (***Terragold***), and shareholders and second seed capitalists (***Seed Capitalists***) who would loan funds to the Company (***Share Exchange Agreement***). The Share Exchange Agreement provided for, among other things, the purchase of all the issued capital in the Company by Terragold.

The only relevant and outstanding obligation is that subject to and conditional upon the Company being admitted to the official list of the ASX, Terragold must cause the Company to issue to the Seed Capitalists options on terms described in section 11, "Additional Information", of this Prospectus, numbering 10% of the total number of shares in the capital of the Company on issue immediately prior to Listing on the ASX.

Terragold subsequently entered into an Assumption Agreement with the Company dated 21 July 2000 which states that Terragold had purchased all of the issued and outstanding shares of the Company pursuant to the Share Exchange Agreement, following which Terragold entered into a Share Transfer Agreement dated 21 July 2000 wherein Terragold agreed to transfer all the issued and outstanding shares of the Company to certain other parties. The Assumption Agreement provides that the Company will assume, pay, discharge and perform all obligations, debts, liabilities, whether contingent, direct or indirect, known, unknown, past or present however and whenever arising of Terragold arising from the Share Exchange Agreement, subject to completion of the Share Transfer Agreement. As such, the Company has assumed the obligation to issue the options pursuant to the Share Exchange Agreement.

10.5 Underwriting Agreement

The Company entered into an agreement, dated 13 November 2003, with Taylor Collison Limited, pursuant to which Taylor Collison Limited agrees to underwrite the Issue to the extent of $5,000,000 ***(Underwritten Amount)*** subject to the following terms and conditions ***(Underwriting Agreement)***:

Fees and Costs

The Underwriter will be paid the following fees in relation to the Issue:

(a) management fee of 1.5% of the Underwritten Amount;

(b) an underwriting commission of 4.5% of the Underwritten Amount; and

(c) a handling fee of 5% of any amount raised as oversubscriptions.

The Underwriter will also be issued with 2,000,000 5 year options exercisable at any time at $0.20 per option.

The Company must reimburse the Underwriter for all reasonable out of pocket expenses incurred in connection with the Issue. However the Underwriter must obtain the prior written consent of the Company before incurring any cost or expense greater than $2,000, excluding legal fees.

EVENTS OF TERMINATION

Right of termination

The Underwriter may terminate the Underwriting Agreement by notice to the Company at any time prior to the Allotment Date after the Underwriter becomes aware of the happening of any one or more of the following events:

(a) **(disclosures)**

(A) a statement contained in the Prospectus is materially misleading or deceptive, a material matter is omitted from the Prospectus or the issue of the Prospectus is materially misleading or deceptive; or

(B) the Prospectus does not contain all such information as required pursuant to the Corporations Act and that such information would be materially adverse from the point of view of an investor.

(b) **(Supplementary Prospectus)** a supplementary prospectus or a replacement prospectus is, in the reasonable opinion of the Underwriter, required under section 719 of the Corporations Act or a person (other than the Underwriter) gives notice to the Company under section 730 of the Corporations Act;

(c) **(compliance with regulatory requirements)**

(A) a director or senior executive of the Company (or any of its related bodies corporate) is charged with an indictable offence or becomes bankrupt;

(B) there is a material contravention by the Company of the Corporations Act, the Constitution, or any of the Listing Rules; or

(C) the Prospectus or any aspect of the Offer breaches the Corporations Act or any other applicable law or regulation in any material respect;

(d) (ASX approval) permission is not granted for the Company to be admitted to the official list of ASX (subject only to customary listing conditions) on or before 20 Business Days after the lodgment of the Prospectus with ASIC, or if granted, the permission is subsequently withdrawn, qualified or withheld or the Offer Shares are not approved for the official quotation by ASX, or if approval is granted the approval is subsequently withdrawn, qualified or withheld;

(e) **(insolvency)** the Company (or any of its related bodies corporate) is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act;

(f) **(receiver etc. appointed)**:

(A) a receiver, receiver and manager, trustee, administrator or similar official is appointed, or steps taken for such appointment, over any of the assets or undertakings of the Company (or any of its related bodies corporate); or

(B) an application or order is made for the winding-up or dissolution of the Company (or any of its related bodies corporate) or a resolution is passed or any steps are taken to pass a resolution for the winding-up or dissolution of the Company (or any of its related bodies corporate) otherwise than for the purpose of an amalgamation or reconstruction which has the prior consent of the Underwriters;

(g) **(alteration to capital structure or constitution)** the Company (or any of its related bodies corporate) alters its capital structure or Constitution without the prior written consent of the Underwriter;

(h) **(notifications)**:

(A) ASIC issues proceedings or an order pursuant to section 739 or 1324B of the Corporations Act in relation to the Offer;

(B) any person who has previously consented to the inclusion of its name in the Prospectus or to be named in the Prospectus withdraws that consent.

(i) **(compliance with agreement)** there is a material

default by the Company in the performance of any of its obligations under the Underwriting Agreement;

(j) **(withdrawal)** the Company withdraws the Prospectus or the Offer;

(k) **(Zinc Price)** the spot price for zinc metal on the London Metals Exchange falls below US$870.00 per tonne at any time after this agreement is signed;

(l) **(All Ordinaries Index)** the All Ordinaries Index of the ASX either:

(A) closes on 2 consecutive Business Days at a level that is 5% or more below its level at 4 p.m. on the date prior to the execution of the Underwriting Agreement ***(Starting Level)***;

(B) closes on a day which is less than 2 Business Days before the Allotment Date at a level which is 5% or more below its Starting Level and closes at that or a lower level on each subsequent Business Day until and including the Allotment Date; or

(C) is at any time at a level which is 7.5% or more below its Starting Level; or

(m) **(prescribed occurrence)** a prescribed occurrence in relation to the Company (or any of its related bodies corporate) occurs as that expression is defined in section 652C of the Corporations Act but substituting the respective party for "target";

(n) **(Timetable)** any event specified in the timetable set out in the Underwriting Agreement is delayed for more than 5 Business Days;

(o) **(material adverse change)** any material adverse change occurs in the assets, liabilities, financial position and performance, profits, losses or prospects of the Company, including any adverse change in the assets, liabilities, financial position, profits, losses or prospects of the Company (or any of its related bodies corporate) from those respectively disclosed in the Prospectus;

(p) **(change of law)** there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a new law or a Government Agency adopts or announces to adopt a new policy, any of which does or is likely to prohibit or regulate the Offer, capital issues or stock markets;

(q) **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom any member state of the European Union, Indonesia, Japan, Russia or the Peoples Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries;

(r) **(banking moratorium)** a general moratorium on commercial banking activities in Australia, the United Kingdom or the United States of America is declared by the relevant central banking authority in any of those countries and remains in force for 2 consecutive Business Days, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries which remains in force for 2 consecutive Business Days; or

(s) **(adverse change in financial markets)** there occurs any material adverse change or material adverse disruption to the political or economic conditions or financial markets in Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions.

In the event that the obligations of the Underwriter are terminated pursuant to these provisions or the Offer is not completed for any reason other than by reason of a default of the Underwriter, the Company won't be obliged to pay the fees set out above, however will be obliged to pay the Underwriter's reasonable out of pocket expenses.

Pursuant to the Underwriting Agreement, the Company has given the Underwriter a number of undertakings and warranties as to the content of the Prospectus, the conduct of the Offer, information disclosure, due diligence and the business of the Company.

The Company has also agreed to indemnify the Underwriter from and against all losses arising out of or in connection with the appointment of the Underwriter pursuant to the Underwriting Agreement.

This indemnity does not extend to losses that result from the negligence or wilful misconduct of the Underwriter or breach of the Underwriting Agreement by the Underwriter. The Company also releases the Underwriter from any claim that the Company may have against it to recover any losses incurred as a result of the participation of the Underwriter in the Offer, except where those losses result from any fraud, recklessness, wilful misconduct, negligence,or breach of the Underwriting Agreement by the Underwriter.

10.6 Option Agreement and Gawler Lakes Exploration Joint Venture and Acquisition Agreement

These were agreements entered into between RMG Services Pty Ltd (RMG) and the Company, both dated 27 March 2002. These agreements have been terminated. The only outstanding obligation on Terramin is for it to pay $150,000 to RMG, of which $75,000 is due and payable on 8 December 2003 and $75,000 is due and payable within 7 days of Terramin's Shares trading on ASX. This amount was required to be paid pursuant to the Option Agreement, in addition to 750,000 Shares and 1 million Options that were issued to nominees of RMG, details of which are contained in sections 11.2 and 11.9 of this Prospectus.

11.1 RIGHTS ATTACHING TO SHARES

The rights attaching to ownership of the Shares are detailed in the Constitution of the Company. The following is a summary of the major provisions of the Constitution.

Voting

At a general meeting, subject to any restrictions on voting which attach to any classes of Shares, every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll has one vote for each fully paid Share held. Additionally, shareholders may vote on a poll by means other than being present in person (including electronic means) if the Board has approved such other means for the casting or recording of votes. On a poll, partly paid Shares confer a fraction of a vote pro-rata to the amount paid up on the Share.

General Meetings

Each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to members under the Constitution or the Corporations Act.

If a shareholder does not have a registered address or the Company believes that the shareholder is not known at the address specified, a notice will be deemed to be given to that shareholder if the notice is exhibited for 48 hours at the Company's registered office (unless the shareholder informs the Company of a registered address within that time). There must be at least 3 shareholders present for a general meeting to proceed.

Dividends

Subject to any special terms and conditions of issue of Shares, the profits of the Company which the Directors from time to time determine to distribute by way of dividend are divisible amongst the members in proportion to the amounts paid up on the Shares held by them.

The Board may establish, create or terminate dividend plans applicable to the Company and may distribute dividends otherwise than in cash if they so desire. Dividends are payable in any currency that the Board thinks fit and payments to different shareholders may be made in different currencies.

The Board may retain any unclaimed dividends and may invest them or otherwise make use of them for the benefit of the Company until claimed or otherwise disposed of according to law.

Issue of further Shares

The Board may issue additional shares or securities in the Company with such preferred or deferred or other special rights, obligations or restrictions as it considers appropriate, provided that the issue of new shares or securities does not affect any special rights conferred on holders of any existing shares.

Transfer of Shares

Holders of Shares may transfer them by either a written transfer (in a common form or as the Board may prescribe), a proper SCH transfer effected in accordance with the Corporations Law or the SCH business rules, or by any other electronic system established or recognised by the Listing Rules and in which the Company participates.

The Board may refuse to register a transfer of Shares in certain circumstances and is not obliged to give notice of the failure to register.

Unmarketable parcels

If a shareholder holds a parcel of Shares that is less than a Marketable Parcel, then the Company may send a notice to the shareholder requiring them to either increase their holding to a Marketable Parcel, sell their existing parcel of Shares, or inform the Company in writing that they wish to retain their parcel of Shares, within a period of not less than 6 weeks (or, in certain circumstances, a period of 7 days).

If the shareholder does not do one of these things within the stated period, the Company may (but is not obliged to) sell the parcel of shares in the following 7 days at a price and on terms determined by the Secretary and provide the proceeds of sale to the former shareholder.

Winding up

If the Company is wound up at any time, the liquidator may divide among all or any of the contributories as the liquidator thinks fit any part of the assets of the Company. In so dividing, the liquidator may give any class of shares special or preferential treatment or exclude any class altogether or in part, however if assets are divided other than in accordance with the legal rights of the contributories then any prejudiced contributory is entitled to dissent and ancillary rights as if the decision was a special resolution relating to the sale or transfer of the Company's assets by a liquidator in a voluntary winding up.

If the Company has issued preference shares, those shares carry a right in a winding up to payment in cash in priority to all other classes of shares of the amount paid.

(or agreed to be considered as paid) on each of the preference shares and the amount (if any) equal to any accrued but unpaid dividends referable to those shares.

Directors

The number of Directors is determined by the Board but must not be less than 3 nor more than 10 (not including alternate Directors). A Director may not hold office for more than 3 years (or 3 successive annual general meetings), but a retiring Director is eligible for re-election.

The Directors are entitled to such remuneration as is fixed by the Board and approved at a general meeting, which may include additional remuneration for extra services rendered by the Directors and payment of travelling and associated expenses.

Questions arising at a meeting of Directors will be decided by a majority vote. Each Director has 1 vote, but in the case of an equality of votes the chairman has a second or casting vote.

There must be 2 Directors present for a meeting of Directors to proceed.

Directors' indemnity

The Company indemnifies each Director, secretary or trustee (officer) and any former officer, to the extent permitted by law (but not where the officer receives indemnification from a third party, including a subsidiary of the Company or an insurer), against any liability incurred by the person as an officer of the Company. Where the Board considers it appropriate, the Company may pay insurance premiums in respect of a policy insuring an officer against liability incurred by the officer in or arising out of either the conduct of the Company's business or the discharge of the duties of the officer. The Company may also bind itself in a contract or deed to make such payments to an officer if the Board considers it appropriate for the Company to do so.

Where the Board considers it appropriate, the Company may give a former Director access to the Company's books and may bind itself in any contract with a Director or former Director to provide such access.

Proportional takeover provisions

The Constitution contains provisions for shareholder approval of any proportional takeover bid, such that at least 50% of shareholders entitled to vote on the matter must approve the bid. These provisions lapse 3 years after adoption of the constitution unless renewed in accordance with the Corporations Act.

ASX Listing Rules

If the Company is admitted to the ASX, the following applies:

Notwithstanding anything contained in the Constitution, if the Listing Rules prohibit an act being done, the act shall not be done.

Nothing contained in the Constitution prevents an act being done that the Listing Rules require to be done.

If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).

If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision.

If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision.

If any provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

11.2 RIGHTS ATTACHING TO OPTIONS

All Options that have been issued by the Company or will be issued by the Company pursuant to the contracts described in this Prospectus have, or will have the following general conditions:

(a) subject to the restricted securities provisions of the Listing Rules, the Company will make application to ASX for the quotation of the Shares allotted and issued upon the exercise of an Option;

(b) all Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing Shares;

(c) the rights of an Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation;

(d) the Option holder can not participate in new issues without exercising the Option; and

(e) the number of Options held and/or the exercise price of each Option will be adjusted proportionally to reflect a reorganisation of capital of the Company and in no other case.

11.2 cont. Options continued

Additional particular conditions apply to Options issued under agreements as follows:

Share Exchange Agreement

The Options to be issued pursuant to the Share Exchange Agreement, a summary of which appears in Section 10, will be issued on the following additional terms and conditions:

(a) Exercise price of 20 cents each;

(b) The Options shall expire 2 years after the date of issue;

(c) Subject to the Constitution, the Corporations Act, ASX Escrow provisions and the SCH Business Rules, Options are not transferable;

Western Metals Options

The Options issued to Western Metals in connection with the extension of the FEJV have been issued subject to the following conditions:

(a) Exercise price of 20 cents;

(b) Exercisable before 16 July 2006;

(c) The Options will be exercisable in minimum tranches of 500,000;

(d) The Options will be subject to the ASX Listing Rules;

(e) The Options may not be disposed of or transferred before exercise;

(f) If the Company lists on the ASX, the Company must make application to have shares allotted pursuant to an exercise of the Options listed for official quotation.

MIM Options

(a) Exercise price of 20 cents;

(b) Exercise period commences after 13 months of the Company first trading on the ASX and ends 25 moths after Listing.

(c) The Options will be exercisable in minimum tranches of 500,000;

(d) The Options will be subject to the ASX Listing Rules;

(e) The Options may not be disposed of or transferred before exercise.

(f) The Company must apply for shares issued pursuant to the Options to be listed on the ASX.

RMG Options

(a) Exercise price of 20 cents;

(b) Exercisable during a period ending 3 years after Listing;

(c) The Options will be exercisable in minimum tranches of 200,000;

(d) The Options will be subject to the ASX Listing Rules;

(e) The Options may not be disposed of before exercise without Terramin's approval, which approval may not be unreasonably withheld.

Taylor Collison Options

(a) Exercise price of 20 cents;

(b) Exercisable during a period ending 5 years after issue;

(c) The Options will be exercisable in minimum tranches of 500,000

(d) The Options will be subject to the ASX Listing Rules.

11.3 MATERIAL CONTRACTS

Apart from the Agreements outlined in Section 10, there are no additional material contracts in existence.

11.4 DIRECTORS' INTERESTS

Other than as stated below or elsewhere in this Prospectus:

(a) no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last two years, any interest in:

  (i) the formation or promotion of the Company;

  (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

  (iii) the Offer; and

(b) no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

  (i) to a Director or proposed Director to induce them to become, or to qualify as, a Director of the Company; or

  (ii) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

(c) As detailed in the Accountant's Report in Section 8 parties associated with DA Paterson and KC Moriarty are owed a total of $296,948 plus interest of $18,218. It is the intention of the Company to repay this debt following Listing.

Pursuant to a Share Exchange Agreement dated 18 September, 1996, specific shareholders of the Company were granted the right to Options to acquire shares in the capital of the Company if the Company is admitted to the Official List

or any North American Stock Exchange. The holders of the Options are entitled to acquire shares in the capital of the Company at the price which the public subscription occurs exercisable at any time within a period of two years after the date of issue, and equals 10% of the total number of Shares at the time of the Listing. KC Moriarty is entitled to 3.39% of any Options issued and DA Paterson and related entities are entitled to 12.07% of any Options issued.

Directors' Shareholdings

No Director is the beneficial holder of any Shares other than as set out below:

	Own Name	Other Names
KC Moriarty	8,337,503	nil
DA Paterson	5,487,502	2,500,000
CG Jackson	1,500,000	nil

Remuneration of Directors

The Company's Constitution provides that the Directors are entitled to remuneration out of the funds of the Company as determined by the Company in general meeting. Such amount has been set at $150,000 with current allocations of $50,000 for Executive Directors and $30,000 for Non-executive Directors.

Shareholder approval will be sought post Listing to introduce an appropriate remuneration contract and/or option incentive scheme for Directors.

Every Director is also entitled to be paid reasonably for travelling, accommodation and other expenses incurred by the Director in attending meetings of the Company or of the Board or while engaged in the business of the Company.

11.5 INTERESTS OF PEOPLE INVOLVED WITH THE OFFER

Other than as set out below or elsewhere in this Prospectus:

(a) no promoter of the Company or stockbroker to the Issue or person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, holds at the date of this Prospectus, or held at any time during the last two years, any interest in:

(i) the formation or promotion of the Company;

(ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(iii) the Offer; and

(b) no amounts have been paid or agreed to be paid by any person, and no benefits have been given or agreed to be given by any person, for services provided by a promoter of the Company or stockbroker to the Issue or person named in this Prospectus as performing a function in a professional, advisory or other capacity, in connection with the preparation or distribution of the Prospectus, in connection with the formation or promotion of the Company or the Offer.

Taylor Collison Ltd has acted as lead manager and underwriter to the Issue. It is entitled to be paid a management fee of 1.5% of the underwritten funds raised, an underwriting fee of 4.5% of the funds raised, a 5% handling fee on oversubscriptions, and to be issued 2,000,000 Options exercisable at 20 cents per Share for a 5 year term.

KPMG Transaction Services (Australia) Pty Ltd ("KPMG") has acted as investigating accountant to the Company and, in that capacity, has prepared the Investigating Accountant's Report contained in Section 8.1. The Company is to pay between $11,000 and $14,000 for those services. KPMG has also agreed to act as auditors to the Company and is entitled to be paid for that service.

Finlaysons has prepared the Solicitor's Report in Section 7 and has provided general advice in relation to some of the material contracts summarised in Section 10 and the Offer generally. Finlaysons has been paid, or is entitled to be paid approximately $60,000 for those services.

Ore Reserve Evaluation Services has prepared the Independent Geologist's Report in Section 5 of this Prospectus and is entitled to be paid $2400 for those services.

Geosurveys Australia Pty Ltd has prepared the Independent Geologist's Report in Section 6 of this Prospectus and is entitled to be paid $1500 for those services.

11.6 EXPENSES OF THE OFFER

The expenses connected with the Offer are payable by the Company and are estimated to be approximately $480,000 comprised as follows:

Independent Geologists reports	$4,000
Investigating Accountant's report	$12,000
Broker fees	$300,000
Legal fees	$60,000
Administration costs	$20,000
Australian Stock Exchange	$30,000
Printing & associated costs	$30,000
Miscellaneous expenses	$24,000
Total	$480,000

In the event that the maximum of $1,000,000 in over-subscriptions is accepted, the total amount of the expenses of the Offer is estimated to be approximately $530,000, mostly comprised of additional expenses payable to the Underwriter. All amounts quoted in this section are exclusive of the goods and services tax, if applicable.

11.7 CONSENTS

Each of the Directors has consented to the lodgement and issue of this Prospectus.

KPMG has consented to being named in this Prospectus as independent accountant in relation to the Offer and as the auditor of the Company. KPMG has also consented to the inclusion in this Prospectus of its Investigating Accountant's Report dated 12 November 2003 contained in Section 8.1 of this Prospectus in the form and context in which it appears. It has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of the Prospectus other than the Investigating Accountant's Report.

Taylor Collison Limited has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its consent to be named in this Prospectus as the underwriter and lead manager to the Offer. Taylor Collison Limited has not made any statement that is included in this Prospectus or on which a statement made in this Prospectus is based.

Finlaysons has consented to the inclusion in this Prospectus of its Solicitor's Report dated 29 October 2003 contained in Section 7 of the Prospectus in the form and context in which it appears. It has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the Solicitor's Report. There is no statement in this Prospectus purporting to be made by Finlaysons or to be based on a statement made by Finlaysons.

Ore Reserve Evaluation Services has consented to the inclusion of its Independent Geologist's Report in Section 5 of this Prospectus in the form and context in which it appears. It has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than its Independent Geologist's Report.

Geosurveys Australia Pty Ltd has consented to the inclusion of its Independent Geologist's Report in Section 6 of this Prospectus in the form and context in which it appears. It has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than its Independent Geologist's Report.

Maptek Pty Ltd has consented to inclusion of references to its resource estimates in the Independent Geologist's Report in Section 5 of this Prospectus in the form and context in which they appear. It has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references in the Independent Geologist's Report.

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus."

Copies of the above consents are available for inspection, without charge, at the registered office of Terramin set out in the Corporate Directory, during normal business hours, until the expiry date of this Prospectus.

11.8 LITIGATION

As at the date of this Prospectus, the Company is not involved in any litigation, other than as set out below:

Terramin has filed a claim for payment of $335, 375 against WRF Securities Limited in the District Court of South Australia. The claim arises from a former joint venture agreement with AXG Mining Limited (a subsidiary of WRF) and WRF dated 25 March 2002. The joint venture agreement required that AXG incur minimum expenditure of $425,000 on exploration. WRF guaranteed the payment to Terramin of amounts due by AXG under the joint venture agreement.

In the proceedings Terramin states that AXG did not incur the minimum exploration expenditure it was required to incur, and that, under the joint venture agreement, WRF is liable to Terramin for the amount of unpaid balance.

These proceedings were issued on 18 September 2003. No defence has been received from WRF as at 12 November 2003, but its defence is expected shortly.

11.9 TOP 15 SHAREHOLDERS

The top 15 shareholders in the Company prior to this Offer are as follows:

Shareholder	Number of Shares	% of Issued capital
KC Moriarty#	7,550,000	24.97
DA Paterson#	5,487,502	18.15
Villaford Pty Ltd#	2,500,000	8.27
CG Jackson#	1,500,000	4.96
Girth Pty Ltd	900,000	2.98
KC Moriarty < Towarnie S/Fund>#	787,503	2.60
JE Williams & MG Harper	600,000	1.98
R MA Gomez	550,000	1.82
RE & HE Greiner	500,000	1.65
RE & GM Yin	500,000	1.65
WR Brand Nominees P/L	500,000	1.65
MA Moriarty	500,000	1.65
PC Williams	500,000	1.65
WRF Securities Ltd	500,000	1.65
Brands Properties P/L	400,000	1.32

(#) = director and / or related party

11.10 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of securities in response to an electronic Application Form subject to compliance with certain provisions.

If you have received this Prospectus as an electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at info@terramin.com.au or email the Underwriter at broker@taylorcollison.com.au and they will send to you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered. In such case, the Application Monies received will be dealt with in accordance with Section 722 of the Corporations Act.

12 Glossary

$	means Australian dollar
Ag	chemical symbol for silver
Applicant	means the person who completes and lodges an Application Form
Application	means an application made in accordance with this Prospectus
Application Form	means the application form which is attached to, and forms part of, this Prospectus
Application Monies	means the monies required to be lodged with an Application Form, being 20 cents per Share applied for
ASIC	means the Australian Securities and Investments Commission
ASX	means the Australian Stock Exchange Ltd
Au	chemical symbol for gold
Base Metals	term used to describe a deposit containing zinc, lead and/or copper or a group name for these metals
Board	means the board of directors of the Company from time to time
Business Day	has the meaning as in the Listing Rules
CHESS	means Clearing House Electronic Subregister System
Closing Date	means 10 December 2003 or such earlier or later date as may be determined by the Directors from time to time
Company	means Terramin Australia Ltd (ABN 67 062 576 238), formerly Terramin (Australia) NL
Constitution	means the constitution the Company
Corporations Act	means the Corporations Act 2001 (Cth)
Cu	chemical symbol for copper
Cut-off	a grade below which mineralisation is not regarded as ore.
Directors	means the directors from time to time of the Company
Existing Shares	means the Shares on issue as at the date of this Prospectus
EL	Exploration License, a tenure used in early exploration work
ELA	means an application for an Exploration Licence
g/t	abbreviation for grams per tonne
Glossary	means this glossary
Issue	means the offering and issue of Shares pursuant to this Prospectus
JORC Code	Australasian Code for Reporting of Mineral Resources and Ore Reserves
Listing	means admission to the Official List of ASX
Listing Rules	means the Official Listing Rules of ASX
Mineralisation	accumulations of valuable minerals in quantities ranging from anomalous to economically recoverable
MIMDAS	MIM Distributed Acquisition System.
Offer	means the offer of Shares under this Prospectus
Offer Period	means the period commencing on the Opening Date and ending on the Closing Date
Offer Price	means 20 cents per Share
Official List	Official List of ASX
Official Quotation	means official quotation by ASX of the Shares
Opening Date	means the date on which this Offer opens
Option	means the option to acquire ordinary shares in the Company
Pb	chemical symbol for Lead
ppm	parts per million
Prospectus	means this Prospectus document
Public Offer	means the offer to the public pursuant to this Prospectus
Resource	a category of mineralisation which can be ascribed a tonnage and grade, but which is not sufficiently defined to use in mine planning or production
Shares	means a fully paid ordinary share in the capital of the Company
Terramin	means Terramin Australia Ltd (ABN 67 062 576 238)
Underwriter	means Taylor Collison Ltd ABN 53 008 172 450
Western Metals	Western Metals Ltd (Receivers and Managers Appointed)(Administrators Appointed)
Zn	chemical symbol for zinc
ZnE	means Zinc equivalent grade

13 Guide to Application Forms

Please complete all relevant sections of the Application Form using BLOCK LETTERS.

Cheques should be made payable to: "Terramin Australia limited - Share Issue Account"

Please deliver or post the completed Application Form together with your cheque to either of the addresses listed below.

Application Forms must be received by no later than 5.00 pm (Adelaide time) on 10 December 2003. The Directors reserve the right to extend this Offer or close the Offer earlier without notice.

If your Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. Any decision as to whether to treat your Application as valid, and how to construe, amend or complete it, shall be made by the Company in its absolute unfettered discretion and shall be final. You will not, however, be treated as having offered to subscribe for more Shares than indicated by you.

Please let us know your contact telephone number(s)/facsimile number and email address in case we need to contact you in relation to the Application.

Before completing the Application Form you should read the Prospectus.

The Application Form need not be signed by the Applicant(s).

It should be sent to the address shown on rhte bottom of this page.

IMPORTANT NOTICE IF YOU OBTAINED AN ELECTRONIC COPY OF THE PROSPECTUS

This is the Application Form for Shares in Terramin Australia limited. There is a Prospectus dated 13 November 2003 and lodged with the Australian Securities and Investments Commission on the same date, containing information about investing in the Shares. The Prospectus expires 13 months after the date of the Prospectus. No Shares will be issued on the basis of the Prospectus after that date.

You should read the Prospectus before completing the Application Form.

The Corporations Act prohibits any person from passing on to another person the Application Form which was included in or accompanied by the electronic copy of the Prospectus unless the Application Form is included in or accompanied by a complete and unaltered copy of the electronic Prospectus.

While the Prospectus is current, Terramin Australia Ltd (or the finacial services licensee who has provided an electronic copy of this Prospectus) will send you paper copies of the Prospectus, any supplementary document and this Application Form, on request and without charge.

If you apply for Shares on the basis of the Application Form included in or accompanied by the electronic Prospectus, you are deemed to declare to Terramin Australia Ltd that you received personally the electronic Prospectus, or a print-out of it, included in or accompanied by the Application Form before applying for Shares.

Offers of Shares pursuant to this Prospectus are available to persons receiving the electronic copy of the Prospectus in this jurisdiction (but not in any jurisdiction where it would not be lawful to issue the Prospectus).

Forward your completed application together with the Application money to:

IN PERSON

Terramin Australia Limited
c/- Computershare Investor Service Pty Ltd
level 5, 115 Grenfell Street
Adelaide, South Australia

OR

Taylor Collison Limited
2nd Floor, 12 Pirie St
Adelaide, South Australia

BY POST

Terramin Australia Limited
PO Box 24
Fullarton, South Australia 5063

OR

Taylor Collison Limited
GPO Box 2046
Adelaide, South Australia 5001

Applications must be received no later than 5.00 pm Adelaide time on 10 December 2003.

A GUIDE TO REGISTERING CORRECTLY

Type of investor	Correct form of registration	Example
Individual	Use given names in full, not initials	Mrs Wendy Jean Wheeler
Company	Use the company's full title, not abbreviations	Consolidated Brass Pty Ltd
Joint holdings	Use full and complete names	Mr Harry James Cobb & Ms Cynthia Cobb
Trust	Use the trustee(s) personal name(s)	Mrs Mary Ellen Jones <MaryJones Family A/C>
Deceased estates	Use the executor(s) personal name(s)	Ms Heather Jane Williams & Mr Steven Norman Williams <Est Steven Williams A/C>
Minor (a person under the age of 18)	Use the name of a responsible adult with an appropriate designation	Mr David Peter Jones <Michael Jones A/C>
Partnership	Use the partners' personal names	Mr John David Smith & Mr Dean Reginald Smith <John Smith & Son A/C>
Long names	Use complete name	Mr Alex Peter John Smith–Jones
Clubs/Unincorporated bodies/Business names	Use office bearer(s) personal name(s)	Mr Richard John Wheeler <Vintage Car Club A/C>
Superannuation funds	Use the name of the trustee of the fund	SGL Pty Ltd <Super Fund A/C>

Note: The Minimum number of Shares that can be applied for is 10,000 Shares and thereafter in multiples of 1,000 Shares.

Shares	Application money
10,000	$2,000
11,000	$2,200
12,000	$2,400
15,000	$3,000
20,000	$4,000
25,000	$5,000
30,000	$6,000
35,000	$7,000
40,000	$8,000
50,000	$10,000
100,000	$20,000
150,000	$30,000

TERRAMIN AUSTRALIA limited

ABN 67 062 576 238

Share registrars use only

Broker reference stamp only

Broker code (optional)

Adviser code (optional)

APPLICATION FORM

To meet the requirements of the Corporations Act, this Application Form must not be handed on unless attached to the Prospectus.

Please read all instructions

A I/We apply for Shares at 20 cents per Share or such lesser number of Shares which may be allocated to me/us by the Directors.

B I/We lodge full application monies of $A.

C Full name (PLEASE PRINT)
Title, given name(s) and surname or Company name

Applicant (1)

Joint applicant (2) or <designated account>

Joint applicant (3) or <designated account>

D Postal address (PLEASE PRINT)

Street number and street

Suburb/Town/State/Postcode

E Telephone details

Business hrs | After hrs | Contact

F CHESS HIN (where applicable)

G Tax file number or exemption

Applicant (1) | Applicant (2) | Applicant (3)

H **Cheque details** (please fill out your cheque details and make your cheque payable in $A to "Terramin Australia limited - Share Issue Account")

Drawer	Bank	Branch	BSB	Amount of cheque ($)
Drawer	Bank	Branch	BSB	Amount of cheque ($)

I I/We declare that this Application is completed according to the declaration statements on the reverse of this form and agree to be bound by the Constitution of Terramin Australia Limited.

Returning the Application Form with your cheque for the application monies will constitute your offer to subscribe for Shares in the Company.

NO SIGNATURE IS REQUIRED - You should read the Prospectus carefully, before completing this Application Form.

HOW TO COMPLETE THE APPLICATION FORM

Please complete all relevant sections of the Application Form using BLOCK LETTERS. The instructions are cross referenced to each section of the Application Form.

A Enter the NUMBER OF SHARES you wish to apply for.
Applications must be for the minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.

B Enter the TOTAL AMOUNT of Application money payable.
To calculate the amount multiply the number of Shares applied for by the amount per Share.

C Enter FULL NAME(S) AND TITLE(S) of all legal entities that are to be recorded as the registered holder(s).
Refer to the Name Standards below for guidance on valid registration.

D Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.

E Enter telephone numbers and a contact person the registry can speak to if they have any queries regarding this Application.

F If you are sponsored in CHESS by a stockbroker or other CHESS participant, enter your Holder Identification Number (HIN).

G Enter the tax file number(s) or the exemption of the Applicant(s). With a joint holding, only the tax file number of two holders are required.

H Payment must be made in Australian currency and cheques must be drawn on an Australian Bank. Cheques or bank drafts must be payable to **Terramin Australia Limited Share Issue Account** and crossed Not Negotiable. Cheques not properly drawn will be rejected. Cheques will generally be deposited on the day of receipt. If cheques are dishonoured the Application may be rejected.

I Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. The Applicant(s) agree(s) that this Application is for Shares in Terramin Australia Limited upon and subject to the terms of the Prospectus, agree(s) to take any number of Shares equal to or less than the number of Shares indicated in Box A that may be allotted to the Applicant pursuant to the Prospectus, acknowledges that the Company has the absolute right to accept or reject this Application, and declare(s) that all details and statements made are complete and accurate. It is not necessary to sign the Application form.

No Applications may be accepted or processed until the exposure period, being 7 days (or 14 days if extended by ASIC) has ended. No preference will be conferred on Applications received during the exposure period.

Forward your completed application together with the Application money to:

IN PERSON

Taylor Collison Limited
2nd Floor, 12 Pirie St
Adelaide, South Australia

BY POST

Taylor Collison Limited
GPO Box 2046
Adelaide, South Australia 5001

IMPORTANT NOTICE IF YOU OBTAINED AN ELECTRONIC COPY OF THE PROSPECTUS

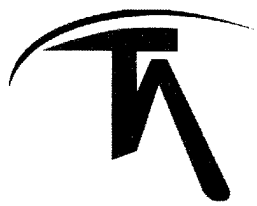
This is the Application Form for Shares in Terramin Australia Ltd attached to the Prospectus dated 13 November 2003 lodged with the Australian Securities and Investments Commission on the same date. The Prospectus expires 13 months after the date of the Prospectus. No Shares will be issued on the basis of the Prospectus after that date.

You should read the Prospectus before completing the Application Form. If you received this Prospectus electronically, ensure that you have received the entire Prospectus accompanied by the Application Form or a copy or a derivative of the Application Form. If you have not, please email the Underwriter at broker@taylorcollison.com.au and they will send you for free, either a hard copy or a further electronic copy of the Prospectus.

The Corporations Act prohibits any person from passing on to another person the Application Form which was included in or accompanied by the electronic copy of the Prospectus unless the Application Form is included in or accompanied by a complete and unaltered copy of the electronic Prospectus.

If you apply for Shares on the basis of the Application Form included in or accompanied by the electronic Prospectus, you are deemed to declare to Terramin Australia Ltd that you received personally the entire electronic Prospectus, or a print-out of it, included in or accompanied by the Application Form before applying for Shares.

Offers of Shares pursuant to this Prospectus are available to persons receiving the electronic copy of the Prospectus within this jurisdiction (but not in any jurisdiction where it would not be lawful to issue the Prospectus).



Prospectus *2003*