TERRAMIN AUSTRALIA limited

19th December 2003

Mr J Nelson
Australian Stock Exchange Limited
Level 19, 91 King William Street
ADELAIDE SA 5000

RE TERRAMIN AUSTRALIA LIMITED – Share Exchange Agreement option terms

Pursuant to an agreement dated 18 September 1996 Terramin has issued to various parties unlisted options on the following terms.

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 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 the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganization of capital at the time of thee reorganization;

d. the Option holder can not participate in new issues without exercising the Option;

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

f. exercise price of 20 cents for each Option;

g. exercisable during a period ending 2 years after issue;

h. the Options are subject to the Terramin constitution, Corporations Act and the SCH Business Rules;

i. the Options will be subject to the ASX Listing Rules; and

j. the Options may not be transferred.

An escrow period of 12 months applies to these Options other than those issued to promoters and their related parties where standard escrow of 24 months has been required by ASX.

Yours faithfully

David Paterson

David Paterson
Director

TERRAMIN AUSTRALIA limited PO Box 24 FULLARTON SOUTH AUSTRALIA 5063
T 0417 823 654 F 61 8 8236 3810 E dpaterson@terramin.com.au