TERRAMIN AUSTRALIA limited

## CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING 20 MAY 2004

While the major event in the past year has been Terramin's successful capital raising and listing on the ASX, the significant results from the Angas and Menninnie zinc projects over the past 5 months have already eclipsed that event. Drill results from Angas have confirmed the potential for a large addition to the resource, while a review of new and old data from Menninnie has outlined potential for a large tonnage operation in addition to a high grade resource.

In late 2003 zinc and lead prices improved markedly, particularly in Australian dollar terms, justifying your Company's foresight in acquiring zinc projects during a downturn in the cycle. Further improvement in zinc and lead price can be expected. Concentrates are currently in short supply with the expectation of further tightening in the near term. There has been minimal investment in exploration for zinc deposits over the past decade, and many of the large mines now in production will be exhausted in 3-8 years. Yet demand is growing in many countries, in conjunction with steel consumption.

Concerned to secure future supplies, concentrate buyers have contacted Terramin. Sun Metals, who operate the Townsville zinc smelter, recently inspected the Angas site and, at their invitation, last week your directors inspected the Townsville smelter and port facilities. Sun Metals suggested various ways in which they could assist the development of Terramin's zinc projects, including a life of mine off-take agreement with fortnightly smelter payments.

We also inspected the Mt Garnet operations of Kagara Zinc Ltd. and were impressed with the efficiency of that project which is of a similar dimension to that proposed for Angas. It is noteworthy that the high zinc grade allows them to maintain a profitable operation despite the location of the mine over 100 km from the plant. This underscores Terramin's focus on higher grade projects.

This outlook provides a sound platform for Terramin's continued investment in its zinc projects. Currently, two rigs are drilling to extend the Rankine resource (0.76 million tonnes at 21% Zn equivalent), with a target of at least 2 million tonnes after which your Company will commence full feasibility studies. A third rig is expected to commence in June, drilling at both Menninnie and Angas. In addition to the already defined zinc deposits Menninnie has also been identified as prospective for Olympic Dam style copper-gold mineralisation. Newly identified structures that control zinc anomalism coincide with the known resources, and also appear to be associated with copper-gold trends. These exciting targets will be drilled as a priority.

These matters are described in an investor presentation which was released to ASX on 12 May 2004 and is available on the Company's website.

I thank you for your support over the past year and look forward to reporting the continued advance of our projects.

**Kevin Moriarty**
**Chairman**

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