

TERRAMIN AUSTRALIA limited

ASX Shareholder Report

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*Terramin is a dedicated
base metals company
focused on early development
of the Angas Zinc project
and advanced exploration
at Menninnie zinc/lead
and copper project.*

*The information in this report that relates
exploration activity is compiled by Dr K
Moriarty PhD, M AusIMM who is a
Competent Person as defined by the JORC
code.*

Menninnie Project Briefing

The recent drill results announced by Terramin from its Menninnie project have attracted interest about their context and significance.

The Menninnie project is located in northern Eyre Peninsula, about 160km west of the world's largest lead smelter in Port Pirie, SA. In addition to encompassing the largest lead-zinc and silver deposit in SA, the tenement has recently been identified as being highly prospective for Olympic Dam style copper gold and copper zinc deposits.

Terramin is currently focussed on defining additional resources within high-grade stratabound sulphide horizons, SSH A, SSH B and SSH C, thought to be fault controlled replacement deposits. There are already 76 drill holes outlining some 20 million tonnes of mineralisation, but the holes are mostly too wide spaced to define resources. Many significant intersections are 200 to 400 metres apart. The result is that proving continuity of the zinc deposits will allow resources to be defined with minimal additional drilling.

Terramin has mapped large zinc anomalies in soil overlying mineralisation intersected by deep diamond holes. These anomalies show northwest trends in addition to trends along the SSH (figure 2). The interpretation is that the zinc mineralising systems are much larger than would be the case if only the SSH were involved.

Terramin's recent round of drilling is aimed at verifying that metal anomalism in the soil overlies mineralised basement under the typically thick weathered profile of the Gawler Craton. Previous rotary air blast (RAB) drilling did not always penetrate through the saprolite, however, where it did, it intersected marked zinc and lead anomalism under soil anomalies. The latest round of drilling used a reverse circulation (RC) rig to ensure deeper penetration with the aim of defining metal anomalies above the basement, preparatory to a diamond drill programme to define resources. However one RC hole, RCP 3 drilled to 189m through the oxidised zone in SSH A and sampled unweathered basement. As reported on 30 August, it intersected two zones of high grade lead-zinc-silver mineralisation totalling 16 metres (figure 2), and was terminated in mineralisation.

To assist with context, figure 3 is a south to north long section for SSH A, showing the intersecting northwest corridors which carried the hot mineralising solutions that created the zinc deposits; and drill intersections. Not all results are shown, since some holes (e.g. MD 6 and 16) had multiple intersections over substantial sections of core. This is to be expected from interaction between the wide corridors, the reactive carbonate rocks and the fault breccia zones, all of which could combine to create a broad zone of zinc deposits.

RCP 3 is significant in that it confirms that SSH A has substantial grades and intercepts for 200m down dip within the NW corridor. Taken in context with the previous holes in that area (see figure 3), it is clear that infill holes would allow a resource to be calculated. RCP 2 intersected broad zinc anomalism, probably representing highly weathered mineralisation.

RCP 4, 5, 9, 10 & 11 (figure 3) investigated the oxidised levels of SSH A for 1 km of strike ahead of diamond drilling. Assays are awaited from intersections of ferruginous pyritic intervals that are expected to overlie new targets.

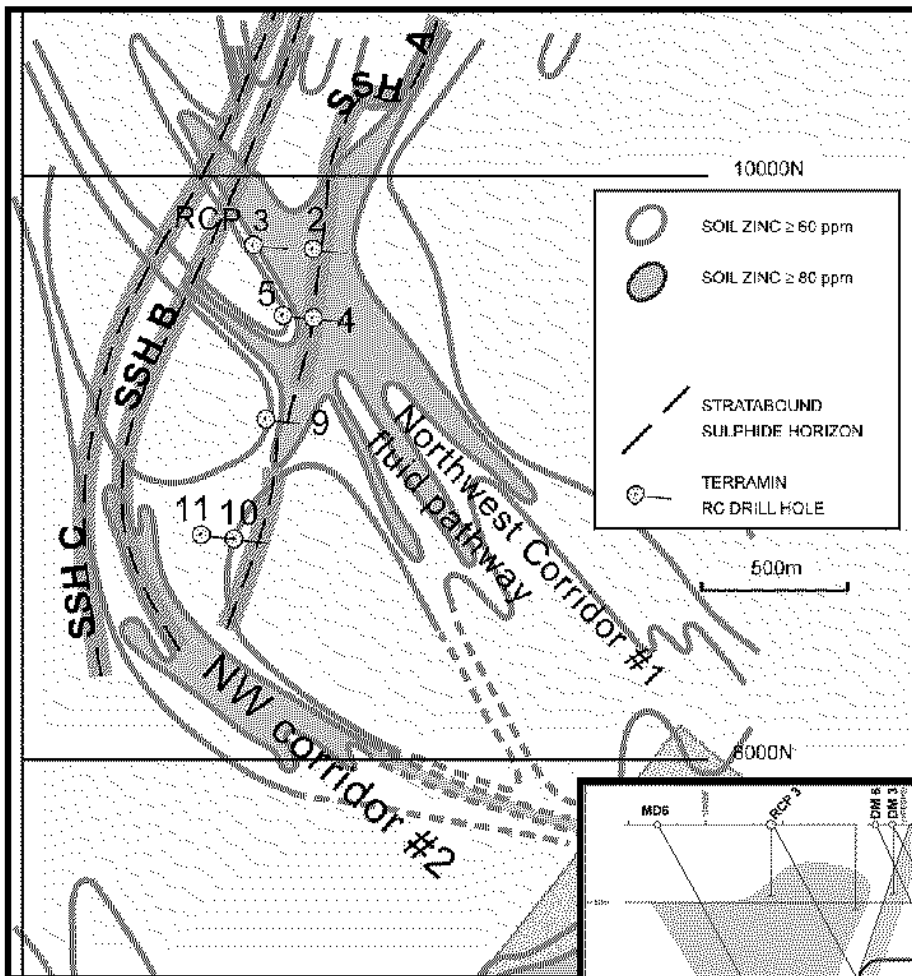


Figure 1
Menninnie Zinc Project
 Soil zinc contours showing location of recent Terramin drill holes targeting SSH A

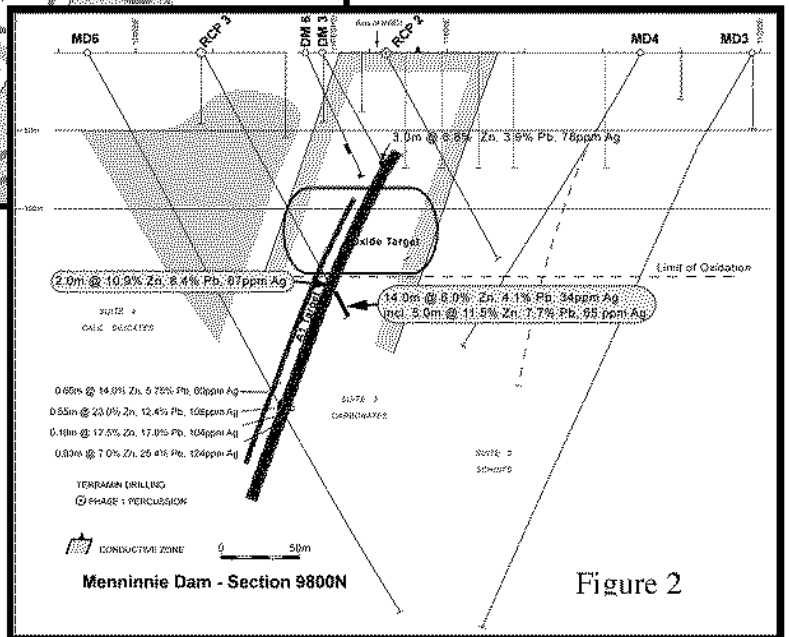


Figure 2

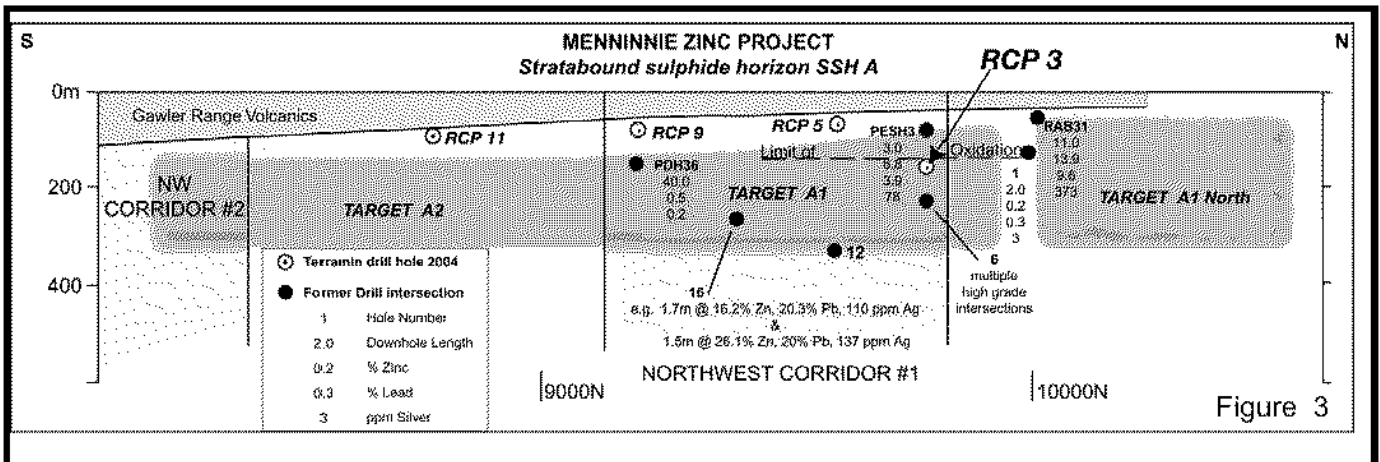


Figure 3