



TERRAMIN AUSTRALIA LIMITED
Angas Zinc

2nd Quarter 2005

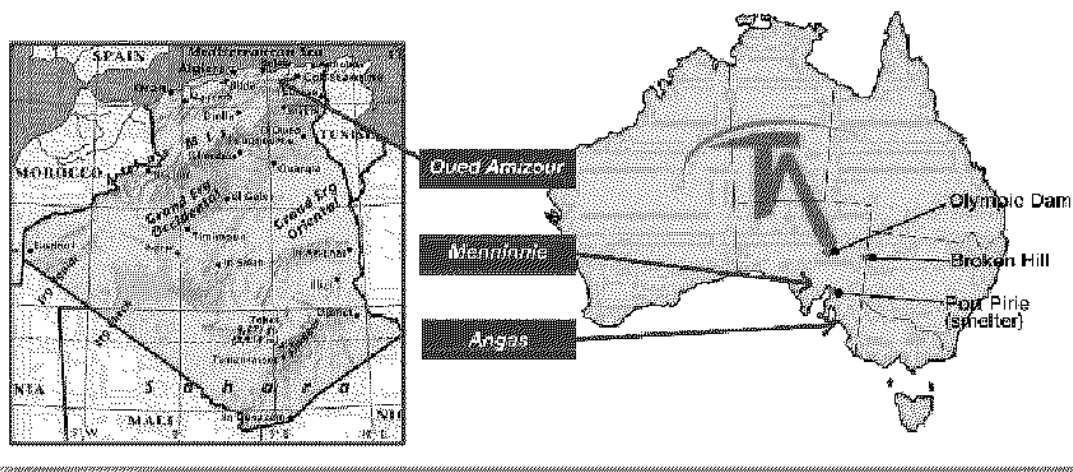
Board and management

Kevin C Moriarty	Executive Chairman <i>BSc (Hons), PhD, MAusIMM</i>
David A Paterson	Director <i>BAppSc, GradDip Bus Admin., MAusIMM</i>
Michael H Kennedy	Director <i>BCommerce (Economics)</i>
Steve Bonett	Director <i>BCommerce, LLB (Hons), AICD, SIA, ACLA</i>
Bob Jones	Chief Operating Officer <i>BAppSc (Prim Met)</i>
John Parker	Chief Geologist <i>BSc (Hons), PhD, Dip Comp Sci., MAIG</i>
John Burgess	General Manager – Angas Zinc Mine <i>BSc B App Econ B App Sc (Env Mgt) FAusIMM</i>

Capital structure

Shares on issue at 25 January 2006	76,579,691
Unlisted options	
20 cents exercise price	1,000,000
25 cents exercise price	200,000
45 cents exercise price	250,000
52 cents exercise price	970,000
60 cents exercise price	1,680,000
126 cents exercise price	745,000
144 cents exercise price	150,000
157 cents exercise price	1,500,000
188 cents exercise price	1,500,000
Total options	7,995,000
Unlisted convertible/redeemable notes (US\$)	5,050,000

The information in this report that relates to exploration activity is compiled by Dr K Moriarty PhD, MAusIMM who is a Competent Person as defined by the JORC code. Unless stated otherwise, resource and reserve estimates referred to in this release use the guidelines in the 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee (JORC). Mr Jonathon Trewartha, a staff member and Competent Person as defined by the Code, prepared the new reserve estimate for Angas. The information in this report on EL 2848 has been prepared by Dr A. John Parker PhD who is a member of the Australian Institute of Geoscientists and who is a Competent Person defined by the JORC Code. Dr Parker is contractor to Terramin.



OVERVIEW

Angas zinc project (100% interest)

- Mining lease final terms being negotiated.
- Feasibility study completed and project finance well advanced.
- Initial Community Consultation meetings successfully completed.

Menninnie zinc-lead-copper project (100% - Zinifex earning 70% interest)

- Zinifex committed to rapid project advancement and increased drilling expenditure.
- Central zone drilling significantly advances understanding of geological structure and distribution of mineralisation.
- Exploration over the next 6 months will have the dual focus of resource definition at Menninnie Central and exploration of the 3.5km strike length aeromagnetic feature associated with mineralisation to the north.

Oued Amizour zinc project

- Exploration Permit 5221PE granted to Terramin subsidiary Western Mediterranean Zinc SpA (WMZ).
- Terramin commences drilling on 50 million tonne Tala Hamza deposit 17 July 2006 (Diamond Drill TH001 – see Figure 4.).
- Accelerated planning for scoping study and feasibility study.

Finance

- As at 30 June 2006 consolidated available cash resources totalled \$5,598,000
- 4,200,000 20 cent options exercised 29 June 2006 (inc. Sempra 4 million taking them to 2nd largest shareholder)

Chairman's Review

This quarter has involved significant groundwork so our projects can deliver on their value. Your Company is preparing to capitalise on the bullish outlook for zinc concentrate and zinc prices.

We have appointed a Chief Financial Officer to assist our expansion into production and cash flow. I am pleased that Martin Janes will support our operations team with extensive experience from a financial career that includes banking, Newmont Australia and Normandy Mining. His background covers all areas of financing including leasing and project financing with a strong understanding of accounting, taxation and legal principals.



The Company has employed several more geologists and support staff for an expanded Menninnie drill programme aimed at defining a JORC resource at the Oued Amizour zinc project in Algeria. We now have four Algerian geologists working on the first drill programme in 10 years.

Western Mediterranean Zinc SpA, our Algerian subsidiary and joint venture company for the Oued Amizour project, has employed an experienced Technical Director for the project management. Additionally an administration and finance director with many years exposure to local conditions is seeing to our compliance and accounting matters in Algeria.

We have decided that the strong outlook for zinc justifies fast tracking of the main Tala Hamza resource in the Oued Amizour project. We are in discussions with the global engineering firm Aker Kavernaer regarding planning the feasibility studies on the deposit once a JORC resource has been defined and preliminary metallurgical test work is completed.

In addition to the local rig now drilling Tala Hamza, Boart Longyear have been contracted to supply two additional rigs from September, which should allow us to estimate indicated resources for the feasibility study in the new year.

Our joint venture with Zinifex on Menninnie has been delivering very encouraging results from the Central Zone, with wide intersections of high grade mineralisation detailed later in this report. A more powerful rig, brought in to facilitate drilling, is to move northwards along kilometres of strike following up previous good intersections that could translate into further resources.

We have been making steady progress on the preparations for mining at Angas while finalising mining lease terms. Our land position has been consolidating with another parcel purchased and further acquisitions underway. Our option to use the quarry for the plant has been augmented by negotiations to purchase the operation and land. A number of banks have submitted indicative term sheets and several have moved to prepare firm offers to finance the project. Your Company is exploring several non equity options for financing the balance, of which Sempra is to provide at least \$10 million.

Sempra exercised four million options at the end of the quarter, providing us with a further \$1.6 million in working capital.

I am confident that the next quarter will consolidate our position as a substantial emerging producer with strong resource growth and funding.

Kevin Moriarty
Executive Chairman



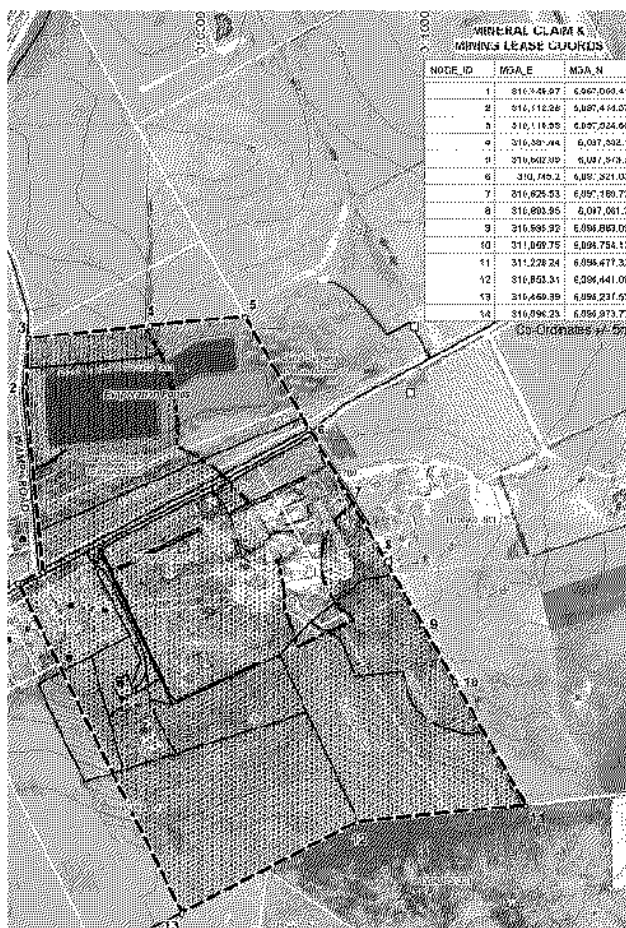
Drill Rig at Menninnie Dam (MD54 July 2006)

PROGRESS DURING THE QUARTER

Angas Zinc Project – MC 3597 (& Mining Lease Application) (Terramin 100%)

The Angas Zinc project is located 2 km outside the small town of Strathalbyn, 60 km from Adelaide. The orebody outcrops under a limestone quarry in a rural zone containing two waste landfill dumps and effluent treatment ponds. Current zinc resources in three shoots are 3.04 million tonnes. Mining Reserves are currently 2.2 million tonnes. Final terms for the mining lease are being negotiated. Feasibility studies and a financial model for a 400,000 tpa underground operation have been completed. The model shows cash flow margins up to \$55 million (in 2008) at a zinc price of 100c/lb.

Near mine exploration drilling during the quarter has shown that the high grade Garwood Shoot is connected to the main Rankine Shoot. Additional near mine exploration is targeting zones with the potential to add significant tonnage to the current resource.



Exploration – Diamond Drill Programme

Two drill rigs were in operation for much of the quarter. Thirteen exploration diamond drill holes were collared, one of which was abandoned and three of which were temporarily abandoned due to hole deviation and ground conditions. At a later date these will be extended to target depth. Two additional holes were wedged from depth (AN138D1 and AN140D1).

3872.2 metres of exploration NQ diamond drilling were undertaken in the quarter. Table 1. below summarises the drilling parameters.

TABLE 1: June quarter 2006 diamond drill hole co-ordinates and related statistics

Hole ID	Collar Coordinates MGA84-54			Dip	Azimuth	Hole Type	Max Depth	Wedge Depth	Target
	North	East	RL						
AN134	310600	6097092	75	-67	270	NQ2	279.3		Garwood/Rankine
AN135*	310486	6097101	76	-70	277.5	NQ2	120.0		Garwood up dip
AN136*	310728	6097327	71	-75	280.2	NQ2	450.0		Rankine down dip
AN137	310612	6097055	75	-60	268.2	NQ2	240.3		Garwood/Rankine
AN138	310740	6096850	75	-72	270.2	NQ2	417.3		Rankine down plunge
AN138D1	310740	6096850	75	-72	270.2	NQ2	450.0	167.0	Rankine down plunge
AN139	310613	6097058	75	-69	268.2	NQ2	270.0		Garwood/Rankine
AN140	310605	6097094	76	-72	270	NQ2	270.0		Garwood/Rankine
AN140D1	310605	6097094	76	-72	270	NQ2	267.3	130.3	Garwood/Rankine
AN142	311401	6096132	92	-60	270	NQ2	220.0		Dawson EM anomaly
AN144	311402	6096132	92	-75	270	NQ2	312.3		Dawson EM anomaly
AN145A	310880	6096647	65	-60	270	NQ2	72.3		Eastern lode
AN145	310882	6096647	65	-61	270	NQ2	153.3		Eastern lode
AN147*	310718	6097256	75	-66	277	NQ2	200.1		Rankine down dip
AN148	310719	6097257	75	-66	282	NQ2	447.3		Rankine down dip
Total							3872.2		

*to be extended

Five diamond drill holes, including one wedged ('daughter') hole (AN140D1) were drilled into the zone between the Garwood and Rankine Shoots. Figure 1. below is a long section showing the pierce points of the drill holes. Zinc-rich massive sulphides were intersected in all holes. The assay results received to date are provided in Table 2.

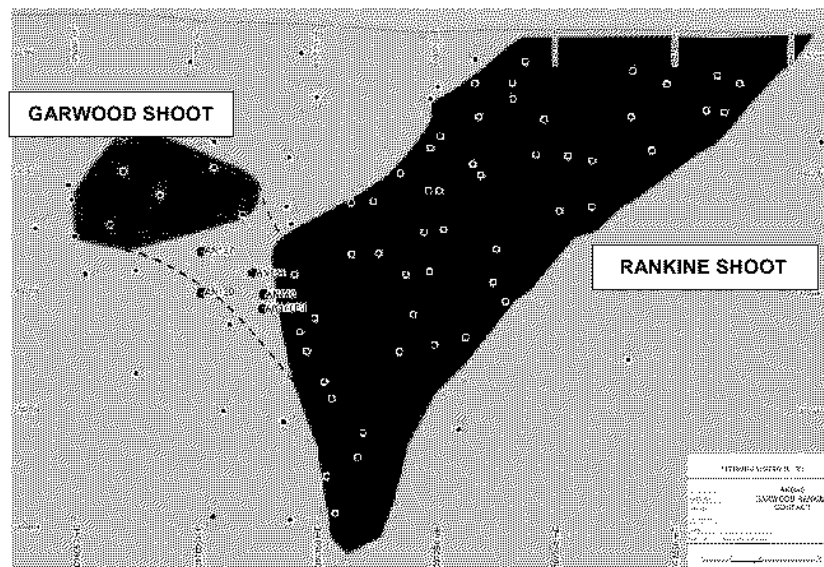


Figure 1: Long section showing drill holes testing the zone between the Garwood and Rankine Shoots

TABLE 2: Garwood/Rankine zone — assay results								
Hole ID	From	To	Interval	% Zn	% Pb	% Cu	g/t Ag	g/t Au
AN134	224.5	227.7	3.2	5.8	0.1	0.2	<2	0.13
including	226.28	222.23	0.95	8.4	0.1	0.2	2	0.10
AN137	220.4	222.7	2.3	13.3	9.0	0.3	93	0.41
including	220.4	221.1	0.7	29.5	21.4	0.5	200	0.57
AN139				Results Pending				
AN140	248.0	252.0	4.0	8.8	1.5	0.2	24	*RP
including	250.0	251.0	1.0	13.0	3.0	0.2	56	*RP
AN140D1	250.6	256.7	6.1	3.8	1.0	0.3	27	*RP
including	252.6	253.1	0.5	18.5	8.5	<0.1	170	*RP

*RP: Results Pending

This drilling indicates continuity between the high-grade Garwood Shoot and the main Rankine Shoot. An estimate of the additional tonnage has not been completed at this time.

Assay results are awaited from the other holes drilled during the quarter.

Table 3 gives indicative assay results from drilling in the previous quarter. All holes intersected sulphide mineralisation. The results show :

- elevated zinc and gold values in pyrrhotitic sulphides at depth down-plunge of the Rankine Shoot (AN118)
- continuation of high grade zinc sections in the Hangingwall Shoot in an up-plunge position of the Rankine Shoot (AN129)
- negligible zinc mineralisation at moderate depth along strike to the south of the Garwood and Rankine Shoots (AN130)
- zinc grades in pyrrhotite that extend the Rankine Shoot down dip (AN132).

TABLE 3: Rankine Shoot — assay results								
Hole ID	From	To	Interval	% Zn	% Pb	% Cu	g/t Ag	g/t Au
AN118	579.0	581.0	2.0	1.2	<0.1	0.1	<2	0.09
and	582.0	583.0	1.0	-	-	-	-	1.52
AN129	221.0	223.0	2.0	7.9	6.7	0.1	31	0.79
and	228.0	237.0	9.0	6.2	5.8	0.3	53	0.90
including	232.8	234.45	1.65	25.0	26.1	0.1	185	1.69
AN130	148.7	150.0	1.3	0.1	<0.1	<0.1	<2	0.04
AN132	392.6	394.0	1.4	6.2	3.0	0.3	53	1.84

Drilling at Angas during the next quarter will continue with the focus on million tonne plus targets and target extensions to the Rankine Shoot down-plunge and down-dip. The geophysical signature of the deep Jettner Shoot has been reviewed and refined to assist future testing.

Additional Resource Potential

As noted above the potential to add significant additional resources is high as the Rankine orebody remains open at depth, and a large untested down-hole EM conductor (Jettner anomaly) has been recognised about 200 m west of the down plunge orebody extensions. Both of these targets have the potential to add several million tonnes or more to the resource.

Terramin's understanding of the Angas area has been enhanced with the acquisition of regional airborne geophysical data. The airborne EM, magnetics and radiometrics datasets have been integrated with previously acquired surface EM, magnetics and gravity data and combined with the downhole EM data from the first quarter DHEM program.

1. Rankine Extension

The Rankine Extension is the southwards, down plunge continuation of the Rankine Shoot below about 300 m below ground surface. Sparse drilling in the area (six holes) shows that base metal mineralisation continues for about 300 m beyond the Rankine resource. The mineralisation comprises narrow high grade intercepts (e.g. AN094D1: 1.6 m @ 54% Zn-Pb) or broader low grade zones (e.g. AN016: 7.8 m @ 4.0% Zn-Pb). AN118 returned 2 m @ 1.2% Zn and 1 m @ 1.52 g/t Au (see Table 3). The potential for significant tonnages is high.

2. Rankine down dip

The Rankine Shoot is poorly constrained down dip. The margin of the resource is defined by only three widely spaced holes—narrow mineralised intercepts in two holes and a late brittle fault in the third. Drill hole AN132 intersected pyrrhotite and other sulphides with zinc grades (Table 3), confirming that the Rankine Shoot has the potential to extend down dip. AN148 intersected a wide zone of Host Unit but with stringer sulphide mineralisation only. Assay results are awaited. A down-dip zone of about 400 m by 100 m is untested by drilling.

3. Garwood Extensions

The Garwood Shoot is defined by six high grade intercepts giving an Indicated Resource estimate of 140,000 t @ 26.0% Pb-Zn. The recent drilling (see above: Figure 1 and Table 2) shows that the Garwood and Rankine Shoots are continuous. The Garwood Shoot also remains open down plunge and up plunge.

4. Jettner Shoot

There is evidence of a possible second substantial conductive sulphide body at depth, the Jettner Shoot, which also has a resource potential. To date it is poorly defined but is possibly sub-parallel to the deeper down-plunge extensions of the Rankine Shoot. Host Unit rocks have been intersected in several southern holes (e.g. AN008), and a large off-hole DHEM anomaly has been detected in several deep diamond drill holes. Geophysical interpretation of the results from the first quarter DHEM program suggests there is an EM conductor below holes AN021 and AN084.

5. Western Magnetic Anomaly

Approximately 200 m west of the Rankine Shoot is an untested, sub-parallel magnetic anomaly. The magnetic signature suggests that the source of the anomaly is shallow. One hole (AN005), which passed below the zone at depth, intersected host stratigraphy and disseminated sulphides. The zone has significant potential.

6. Eastern Lode

The Eastern Lode horizon has been tested by a handful of holes. An inferred resource of 35,000 t has been identified but drilling suggests that mineralisation may be patchy. AN021 and AN107 intersected 4.8 m @ 11.2% Zn-Pb and 2.3 m @ 9.4% Zn-Pb, respectfully. AN145 (Table 1) has tested an up-dip position without intersecting significant sulphide mineralisation. Assay results are awaited. The lode is open down plunge and along strike.

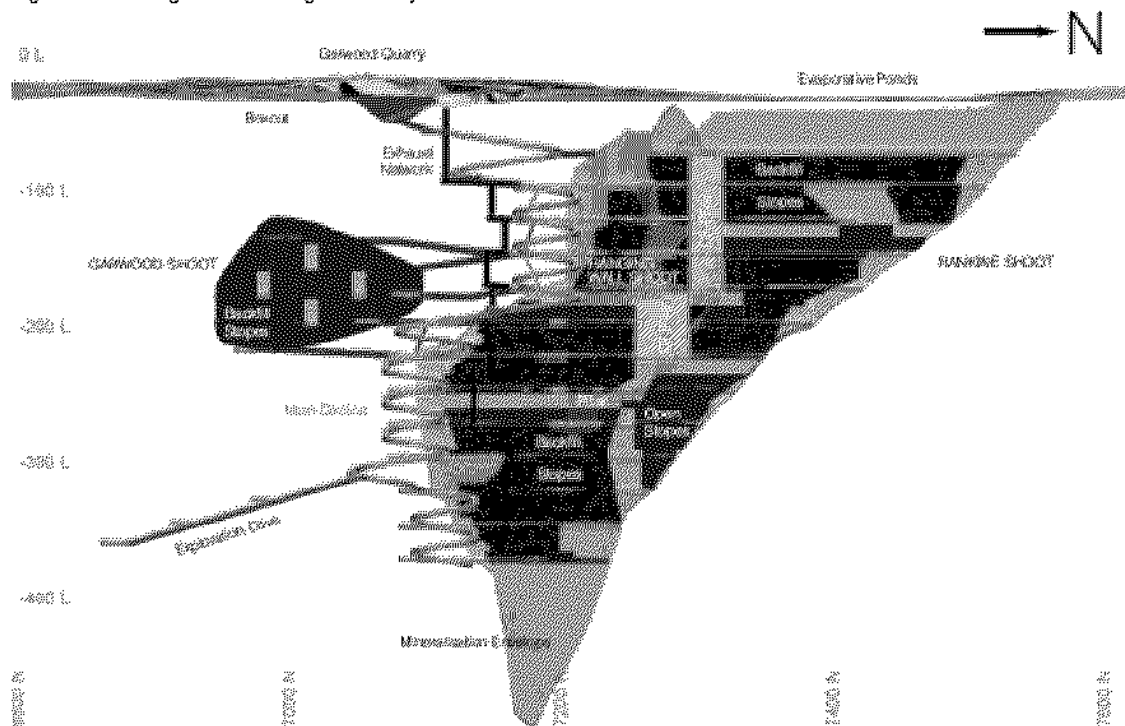
Angas Resources and Reserves

The previously announced Indicated Resource of 3.04 million tonnes and reserve of 2.34 million tonnes have not been revised to include the most recent drilling results. The Resource figures, estimated using JORC code guidelines, remains as shown below:

Table 4 Angas Zinc Project Indicated Resource	Tonnes (million)	Zn %	Pb %	Ag g/t	Au g/t	Cu %
Rankine Deposit	2.34	7.2	3.1	35	0.6	0.3
Hangingwall Shoot	0.56	8.9	2.0	20	0.3	0.2
Garwood Shoot	0.14	18.7	6.3	79	1.0	0.4
Total Angas Resource	3.04	8.0	3.1	34	0.5	0.3

Probable Reserves	2.34	8.1	3.1	33	0.5	0.3
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Figure 2. S/N long section of Angas mine layout



REGIONAL EXPLORATION

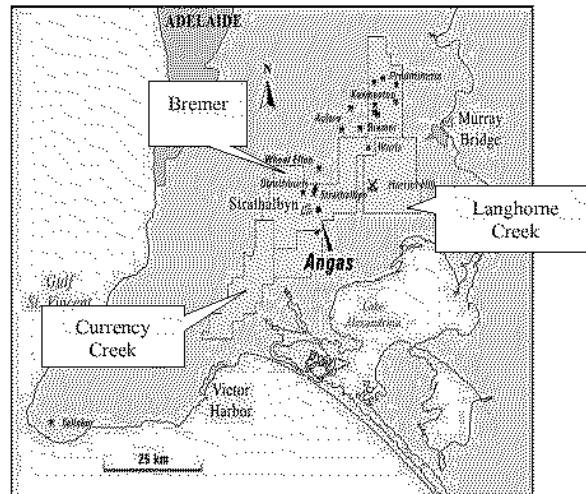
Bremer – EL 2839,
Currency Creek – EL 3128,
Langhorne Creek – EL 3310
(Terramin 100%)

The Fleurieu tenements are in the G2 Corridor and prospective for significant deposits of three principal local ore types, small to medium Angas-style Zn-Pb-Ag deposits, Kanmantoo-style Cu (-Au) and hydrothermal Au.

Terramin's Fleurieu Project exploration licences cover an area of ~1,000 km² of prospective stratigraphy and geological structures.

Most base metal mineralisation occurs within the Tapanappa Formation. The Talisker Calc-siltstone also hosts stratabound Pb-Zn-Ag mineralisation. Enough work has been done previously by others to suggest that further orebodies exist within the Kanmantoo Trough. For example, previous drilling in the Harriet Hill area about 12 km east of Angas has intersected prospective host rocks, disseminated sphalerite and anomalous geochemistry.

Terramin has begun a regional review of the geology, geochemistry and geophysics of the tenements. The various regional geophysical surveys, including EM, magnetics and radiometrics are being integrated. Currently the geophysical signature of the Angas mineralisation is being categorised.



Bremer – EL 2839

EL 2839 is approaching its fifth anniversary and the required replacement application over the same area has been lodged and recognised by PIRSA as ELA 2006/00343.

Exploration commenced during the quarter on this tenement (ie excluding work done on the Mineral Claim over the Angas Project).



Work comprised a surface EM survey and follow-up 3-hole drill program (AN142, AN144 & AN149) on the Dawson airborne EM anomaly, situated approximately one kilometre SE of Angas. AN142 and 144 intersected disseminated and stringer sulphides, including sphalerite. AN149 will intersect the modelled west-dipping zone deeper and slightly to the east of the previous drilling.

Figure 3: Rig being set up on AN149 on Dawson anomaly. The Angas resource underlies the low hill in the right middle distance. The view is towards the northwest with the town of Strathalbyn in the background left.

Mineral Claim 3567 and Mining Lease Application

Mineral Claim 3567 over the Angas site was registered in the name of Terramin Australia Limited effective 25th October 2005. The mining lease application consultation period ended on December 23rd 2005.

In concert with PIRSA there has been a thorough examination of all environmental and other potential impacts of the proposed mine raised by the various stakeholders. In general, the issues raised had been foreseen in the draft Mining and Rehabilitation Program (MARF) submission. Terramin has therefore been able to respond quickly and positively on all issues.

As part of the MARF process a weekly Community Consultation Committee (CCC) meeting has been held to fully explain all aspects of the mine operation to all interested parties in the Strathalbyn region. The support of PIRSA and the Alexandrina Council in this process are gratefully acknowledged. This has delayed the approval process somewhat but has been a valuable forum for imparting further information to the Community.

Community consultation is and will continue to be an important part of the Angas Mine's operation.

Final terms of the mining lease are being negotiated. Terramin anticipates the MARF will be agreed in August.

Feasibility Study Progress

The feasibility study was completed and submitted to the Board. An extract of data from the Angas Zinc Project financial model is provided as Table 5.

With the potential for continuing robust metal prices, the feasibility study outlines a very attractive new mine project proposal.

The main activity for the quarter centred on the mining lease approval and the supporting Mining and Rehabilitation Program (MARF).

Other activities progressed during the quarter and on-going at the period end include:

- Geotechnical drilling and studies related to the proposed underground mining plan.
- Mine contractor selection shortlisting.
- Financial modelling and project compatibility with the various potential lead banks' assessment criteria.
- Discussions with the various financial institutions to ensure the best financing package for the project.
- Australian Tailings Consultants detailed design of the world's best practice tailings storage facility.
- Development of a revegetation plan that will see the mining lease as a showpiece of local native flora.

Many of the current activities are directed at ensuring the project moves quickly into the implementation phase following Board approval.

- After a competitive tender process, Abesque Engineering & Construction Ltd of Perth has been selected as the preferred engineering contractor for the construction of the surface infrastructure and the metallurgical plant. Some preliminary design work on critical items has been initiated.
- Preparation of the subsequent steps in the approval process following granting of the mining lease eg. land waivers.
- Discussions on land acquisition are now proceeding.

Table 5 Angas Zinc project Financial Model – data extract

<i>Calendar year</i>		2006	2007	2008	2009	2010	2011
<i>Reserves</i>	<i>('000t)</i>		2,247	2,115	1,739	1,326	930
<i>Mined</i>	<i>('000t)</i>		132	377	412	396	406
<i>Milled</i>	<i>('000t)</i>		131	377	400	405	405
<i>Mill grade</i>	<i>(% Zn)</i>		6.7	9.8	7.9	8.0	9.8
	<i>(% Pb)</i>		2.3	3.5	3.0	3.4	3.3
	<i>(% Cu)</i>		0.2	0.2	0.2	0.3	0.2
	<i>(g/t Ag)</i>		24	39	29	38	33
	<i>(g/t Au)</i>		0.4	0.6	0.4	0.5	0.5
<i>Production -</i>							
<i>Lead-copper concentrate</i>	<i>('000t)</i>		4.9	22.5	20.8	24.6	23.0
	<i>(% Pb)</i>		47	49	48	48	48
	<i>(% Cu)</i>		4.0	3.1	3.5	3.8	3.4
	<i>(g/t Ag)</i>		407	503	389	472	431
	<i>(g/t Au)</i>		7	7	5	6	6
<i>Production-</i>							
<i>Zinc concentrate</i>	<i>('000t)</i>		14.7	64.5	53.8	55.9	69.8
	<i>(% Zn)</i>		52	52	52	52	52
<i>Capital expenditure (including contingencies) (\$'000)</i>		25,595	39,206	2,631	4,192	746	672
<i>Cost of sales (including milling, mining, admin., and conc, freight) (\$'000)</i>		1,903	13,585	30,510	32,591	33,578	34,175

Environmental Issues

A number of monitoring bores and surface sites have been established around the Mineral Claim and around the town of Strathalbyn to establish baseline environmental data. These sites will be monitored for the life of the mine and beyond. Dust monitoring is also being undertaken.

Ten new monitoring wells have been drilled to measure groundwater levels and test groundwater quality. This is in addition to the two wells established last year. Ground water quality is poor and flow rates are very low in the area of the tailings facility. The facility will not have any adverse impact in these conditions. An old exploration hole is also being used for groundwater monitoring. Initial pump-out tests suggest a low groundwater flow regime exists in the rocks that host the Angas mineralisation. Initial groundwater modelling by consultants AWE indicates that dewatering of the proposed mine area will produce a steep cone of depletion of limited horizontal extent.

Four surface water sites have been established, two on the Angas River and two on the tributary (and currently dry) Burnside Creek.

Around Strathalbyn, 36 sites have been established which will have soils and rainwater tested bi-annually for the life of the mine.

Currency Creek – EL 3128, Langhorne Creek – EL 2677 (Terramin 100%)

The Fleurieu tenements are in the G2 Corridor and prospective for significant deposits of three principal local ore types, small to medium Zn-Pb-Ag, stockwork Cu (-Au) and hydrothermal Au.

Terramin's Fleurieu Project exploration licences cover an area of ~1,000 km² of prospective stratigraphy and geological structures.

Most base metal mineralisation occurs within the Tapanappa Formation. The Talisker Calc-siltstone also hosts stratabound Pb-Zn-Ag mineralisation. Enough work has been done previously by others to suggest that further orebodies exist within the Kanmantoo Trough. For example, previous drilling in the Harriet Hill area about 12 km east of Angas has intersected prospective host rocks, disseminated sphalerite and anomalous geochemistry.

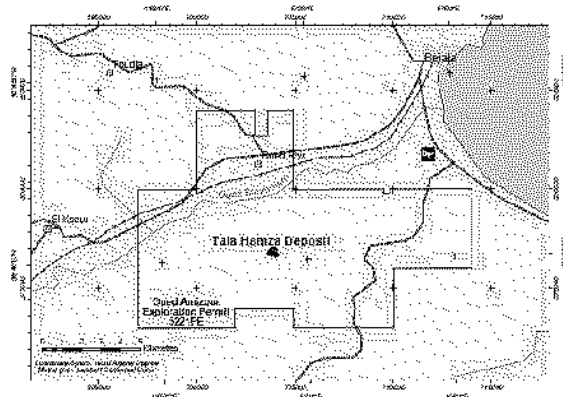
Terramin has formulated an exploration strategy whereby prospects and targets are ranked according to certain parameters. A regional review has begun. One aspect is to integrate various regional geophysical surveys including EM, magnetics and radiometrics. Currently the geophysical signature of the Angas mineralisation is being categorised.

No new work was conducted on these two tenements during the quarter due to the major programme on the Angas prospect in the Bremer tenement. Expenditure commitment amalgamation is to be renegotiated with PIRSA.

Oued Amizour Zinc Project, Bejaia, Algeria

(Terramin 65% and operator)

The Oued Amizour zinc project is based on a 50 million tonne VHMS type Zn+Pb deposit with a high grade core. It is located in northern Algeria, only 12km from an international airport and shipping terminal in the western Mediterranean, and is close to Europe and zinc smelters in Spain and Algeria. Infrastructure includes power, water, roads and labour force on site. Published resources by ORGM are 30Mt at 6.9% Zn+Pb (6% cut-off and 98m thick) with a high grade core of 11Mt at 13.9% Zn+Pb. This resource has been named Tala Hamza.



Terramin's interest is held via a shareholding in a newly incorporated Algerian company, Western Mediterranean Zinc SpA (WMZ). Terramin will spend US\$6.5m up to decision to mine.

Tenure

Exploration Permit 5221 PE was granted to WMZ on 21st May 2006 for a term of 3 years. The permit covers 122.76 square kilometres and may be renewed at the end of the initial term.

Geological exploration background

The area has been extensively studied in the past. It was mapped throughout the 70's. In the 1980's ORGM (Office National de la recherche Géologique et Minière), the Algerian geological survey and exploration arm, undertook an in-depth study of the massif, with detailed mapping, ground geophysics, geochemical sampling, costeaning and deep diamond drilling. 54 diamond drill holes were drilled within the exploration Licence area prior to discovering the Oued Amizour deposit. During the next three years a further 39 holes were drilled for more than 17,000 metres. Down hole geophysics, hydrological and metallurgical studies were completed. ORGM defined a resource of 30 million tonnes with a grade of 5.74% Zn, 1.39% Pb and several other deposits containing up to 22 million tonnes.

Tala Hamza Deposit

Immediate Exploration Programme

Initially two diamond holes will be used to confirm the quality of the existing data and, given the high quality of the previous work, potentially allow the reporting of a JORC standard resource. Our first hole TH001 commenced on 17 July 2006 using a rig contracted from ORGM. See Figure 3.

Terramin will also undertake preliminary metallurgical studies on core from these holes and then proceed to a desktop and scoping study of the project.

Infill drilling will continue to define an indicated resource. This will be the basis for the start of feasibility. Boart Longyear Inc will supply additional diamond drill rigs for this work.

Potential

The southern boundary of the high-grade zone where several holes terminated in mineralisation could add millions of tonnes. Other sections are not closed off. The 40 hole programme mentioned above will evaluate this potential.

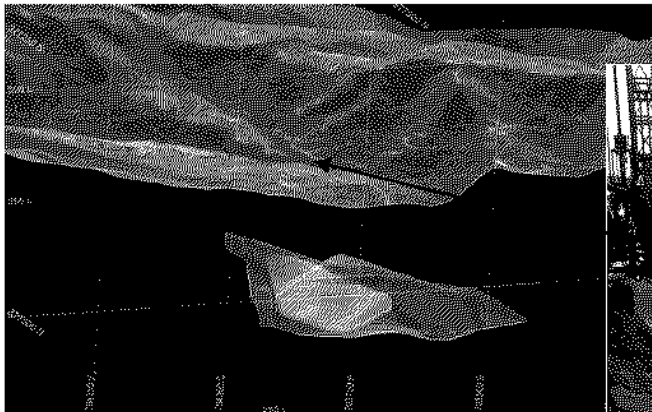


Figure 4. Vulcan view Tala Hamza Deposit
TH001 collar marked in red.



TH001 drilling ahead 21 July 2006. View looking north

Pre-feasibility Study and ongoing timetable

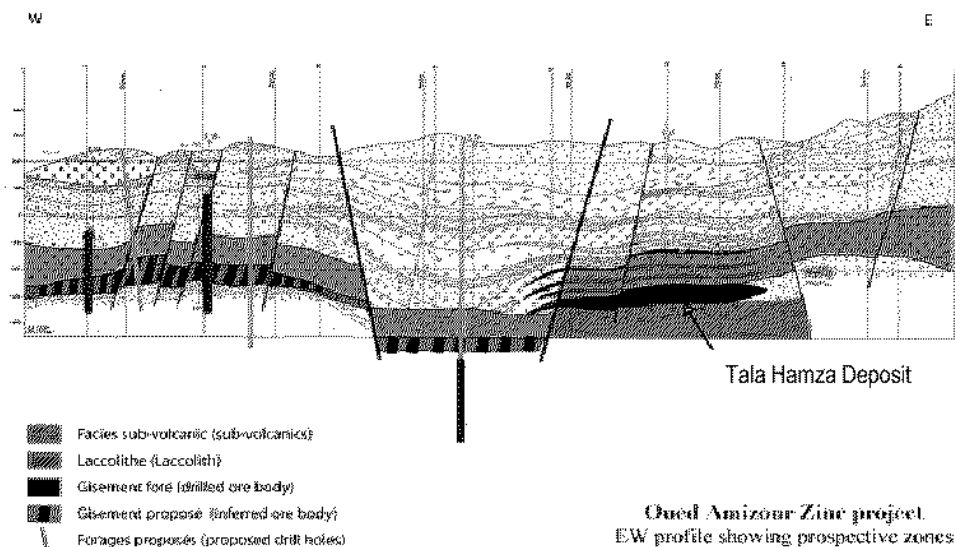
The Company is in formal discussions with international engineering company Aker Kvaerner, in conjunction with Golder Associates, to commence a desk top study ahead of scope definition for a pre-feasibility study. Aker Kvaerner were selected on the basis of expertise related specifically to zinc project management and current construction in the Mediterranean region.

Our current timetable for evaluation and development of the Tala Hamza Deposit is:

- | | |
|--|--------------|
| • Complete first 2 drill holes | mid-Aug 2006 |
| • Despatch NQ Core to Australia | end Aug 2006 |
| • Assaying & initial metallurgical test work | Sept 2006 |
| • Additional Boart Longyear rig | Sept 2006 |
| • JORC inferred resource Tala Hamza | Oct 2006 |
| • Pre-feasibility commences | October 2006 |
| • Desk top study completed | Dec 2006 |
| • In-fill drilling substantially complete | Feb 2007 |
| • Pre-feasibility completed | June 2007 |

Exploration Permit – regional potential

Volcanic hosted massive sulphide deposits usually occur in clusters and it is unlikely that there is only one in this area. Faulted blocks adjacent to the main mineralized horizon (see figure below) have not been tested and could contain several more deposits of the size of the current one.



There are two types of (Zn, Pb+Cu) vein sulphide deposits in the Oued Amizour district. These deposits are located along N140 fault zones (Bouzenan-Aït Bouzid). They comprise:

- Epithermal mineralisation, with colloform sphalerite, galena and calcite. The Oued Amizour deposit belongs to this type, and is emplaced late relative to the pyritic deposits.
- Mesothermal mineralisation (Bouzenan): The sphalerite is rich in chalcopryite inclusions and exsolutions; galena is associated with Mg-rich chloritisation.

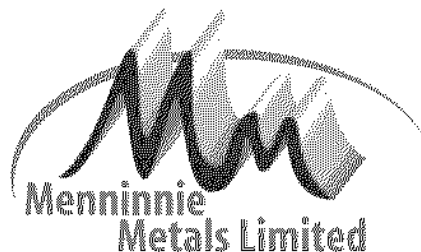
Several prospects have been investigated whilst the main Oued Amizour deposit was being discovered and later. The work includes geological mapping, ground geophysics, costeaning and diamond drilling:

- 12 diamond drill holes have delineated a small resource at **Bouzenan**, 5 kilometers SSE from Oued Amizour, on the same NNW - SSE structure: 662000 tonnes at 2.5% Pb, 1.16% Zn or 338000 tonnes at 4.5% Pb and 1.44% Zn. The copper grade is unknown yet. The mineralisation may contain up to 0.13% uranium.
- About 6 holes have been drilled around **Ait Dali** to the east of Oued Amizour. They intersected alteration zones and small mineralized horizons.
- About 9 holes have explored the area of **Iheddadène** to the west of Oued Amizour and highlighted the occurrence pervasive hydrothermal alteration and some mineralized horizons (see figure below).

Our investigations, which are ongoing, have identified several large targets within 500 metres of Tala Hamza and these will have priority status for evaluation so feasibility studies can include them in planning for future plant expansion(s).

Menninnie Metals Limited

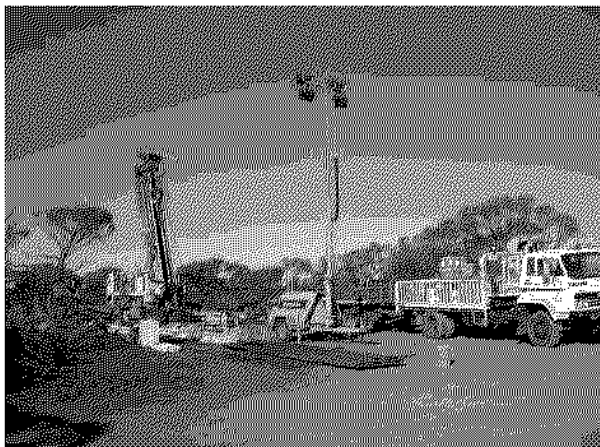
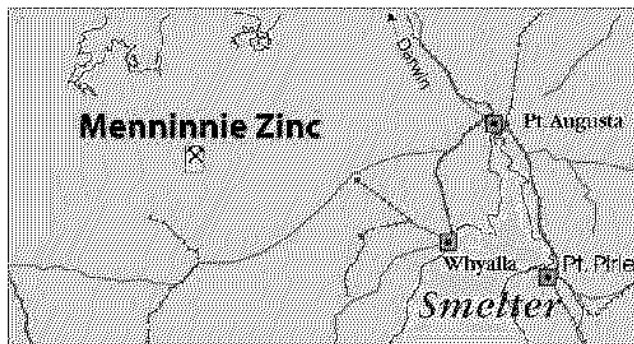
Menninnie Metals Ltd (Terramin 80% and Zinifex Ltd 20%).



OVERVIEW

Menninnie zinc lead copper silver project

- Zinifex continues to fund this joint venture which is returning excellent results eg MD42 intercepted 23.3 metres assaying 14.47% Pb+Zn.
- Diamond drilling continued around the clock on the Menninnie Central zone. A more powerful UDR 1000 rig commenced at the end of the quarter.
- Drilling has confirmed high grade zinc-lead-silver (+gold+copper) mineralisation in the 400m-long Menninnie Central zone. Calculation of a JORC inferred resource will follow completion of current drill programme and receipt of all assays.
- Exploration over the next 6 months will have the dual focus of resource definition at Menninnie Central and exploration of the 3.5km strike length aeromagnetic feature associated with mineralisation to the north.



UDR 1000 Rig -Drill Hole MD53looking ESE

PROGRESS DURING THE QUARTER

Menninnie Zinc Project – EL 2848

(Menninnie Metals Ltd 100%; Zinifex Australia Ltd earning up to 70%)

The Menninnie Zinc Project, EL 2848, is located on northern Eyre Peninsula South Australia, about 160km west of the lead smelter at Port Pirie. The project encompasses the largest known lead-zinc and silver deposit in South Australia.

A joint venture between Menninnie Metals and Melbourne-based Zinifex Australia Limited will see up to A\$8 million injected by Zinifex – one of the world's largest integrated lead and zinc companies - into the Menninnie Zinc Project. Under the Menninnie agreement, Zinifex will spend:

- A minimum A\$2 million on the project's exploration and development by 31 December 2006, but with no project entitlement;
- An additional A\$3 million by 31 December 2008 to earn an initial 49% equity interest in the project; and
- An additional A\$3 million by 31 December 2010 to move to a 70% position in the joint venture.

In light of strong base metal commodity prices, resource definition of the lead-zinc-silver deposits is being fast-tracked. In excess of A\$2.25 million has already been spent by Zinifex and proposed expenditure by the end of 2006 will be at least A\$5 million.

EL 2848 is approaching its fifth anniversary and the required replacement application over the same area has been lodged and recognised by PIRSA as ELA 2006/00363.

Significant progress has been made in our understanding of the geological structure and distribution of mineralisation at Menninnie Dam. Detailed structural analysis of oriented drill core has led to a significant change in the structural and conceptual models controlling mineralisation. Significantly, like Broken Hill, the distribution of mineralisation has a complex shape intimately related to folding and deformation of the host rock sequence and, at least in the Menninnie Central zone, dips steeply to the east. Previous structural analysis was restricted by the lack of reliable orientation markers in drill core and many historic drill holes were drilled parallel to mineralisation.

There are clearly at least two styles of mineralisation at Menninnie:

1. The main high grade mineralisation is stratiform (parallel to the rock layering) and folded with it. It forms thick bands and lenses up to 1-1.5m wide of massive sulphide.
2. Secondary, generally lower grade mineralisation is extensive and comprises a stockwork of carbonate + sulphide veins that appear to have been superimposed subsequent to the main episodes of folding.

There may also be a third style associated with remobilisation of sulphide in and along the western fault zone.



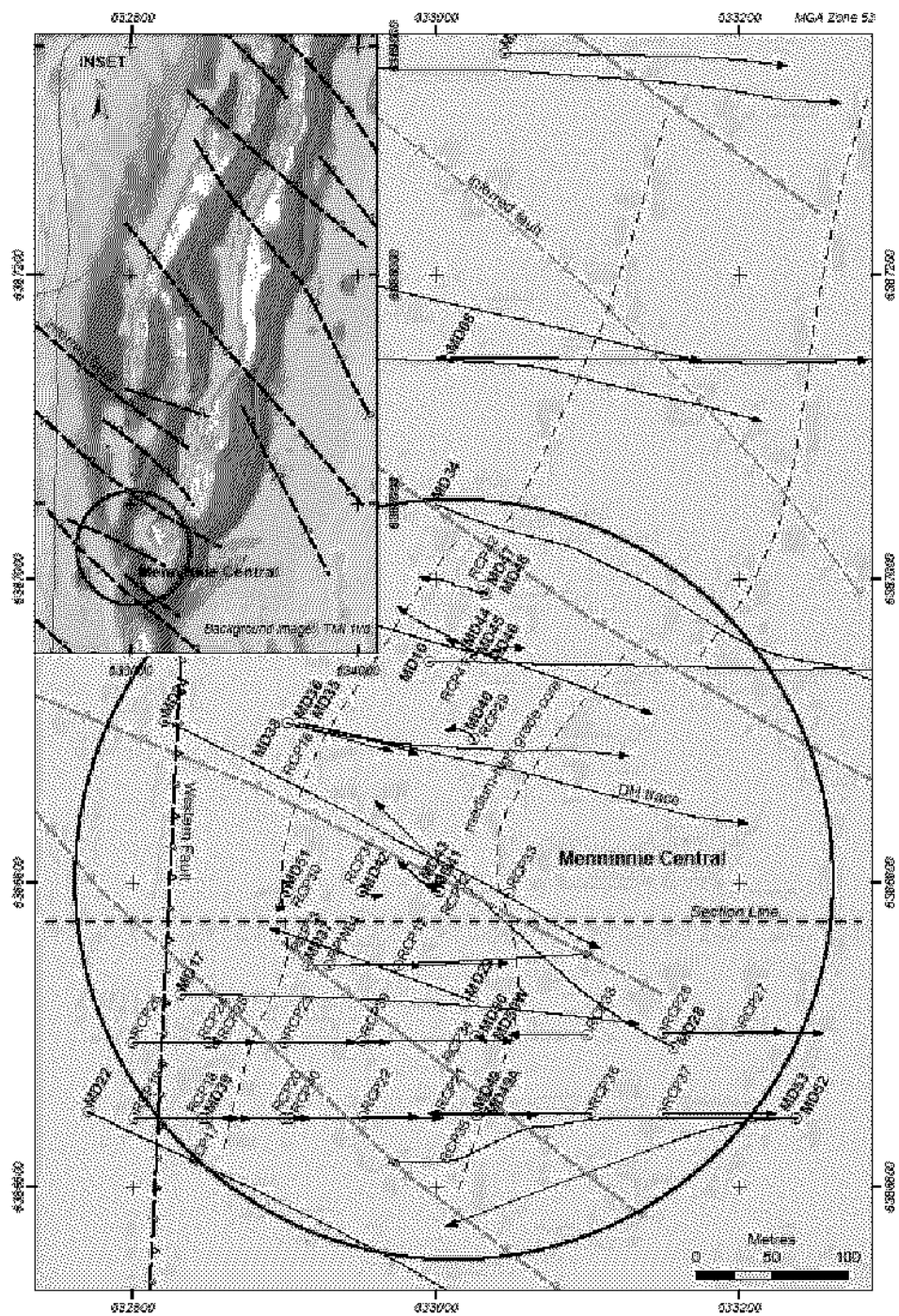
High grade stratiform lead-zinc-silver mineralisation in MD42 (321.5m to 326.5m)

Drill Program

Drilling during this quarter focused on the Menninnie Central zone where previous exploration had outlined significant zinc-lead-silver mineralisation. 9 diamond drillholes, MD46 to MD52 (including wedged daughter holes), were completed on Menninnie Central during the quarter for a total of 3,570m. All holes intersected zinc-lead-silver mineralisation of variable extent and grade.

DH ID	Prospect	Easting	Northing	Total Depth	Collar Dip	Collar Azimuth	Comments
MD46	MD Central	633023	6386949	549.3	-90	0	Orientation at 141m: -84.1 towards 086.5
MD47	MD Central	633033	6386990	457.8	-90	0	Orientation at 153m: -82 towards 274.5
MD48	MD Central	633033	6386990	522.3	-90	0	
MD49A	MD Central	633027	6386647	186.3	-90	0	Abandoned due to poor drilling conditions
MD49	MD Central	633027	6386647	215.2	-90	0	Abandoned due to poor drilling conditions
MD50	MD Central	633026	6386699	222	-90	0	Abandoned due to poor drilling conditions
MD50W	MD Central	633026	6386699	700.1	-90	0	
MD51	MD Central	632902	6386794	270	-90	0	
MD52	MD Central	633238	6386745	447	-50	270	

Figure 5. Drill hole locations with inset magnetic map of Menninnie lead zinc prospect





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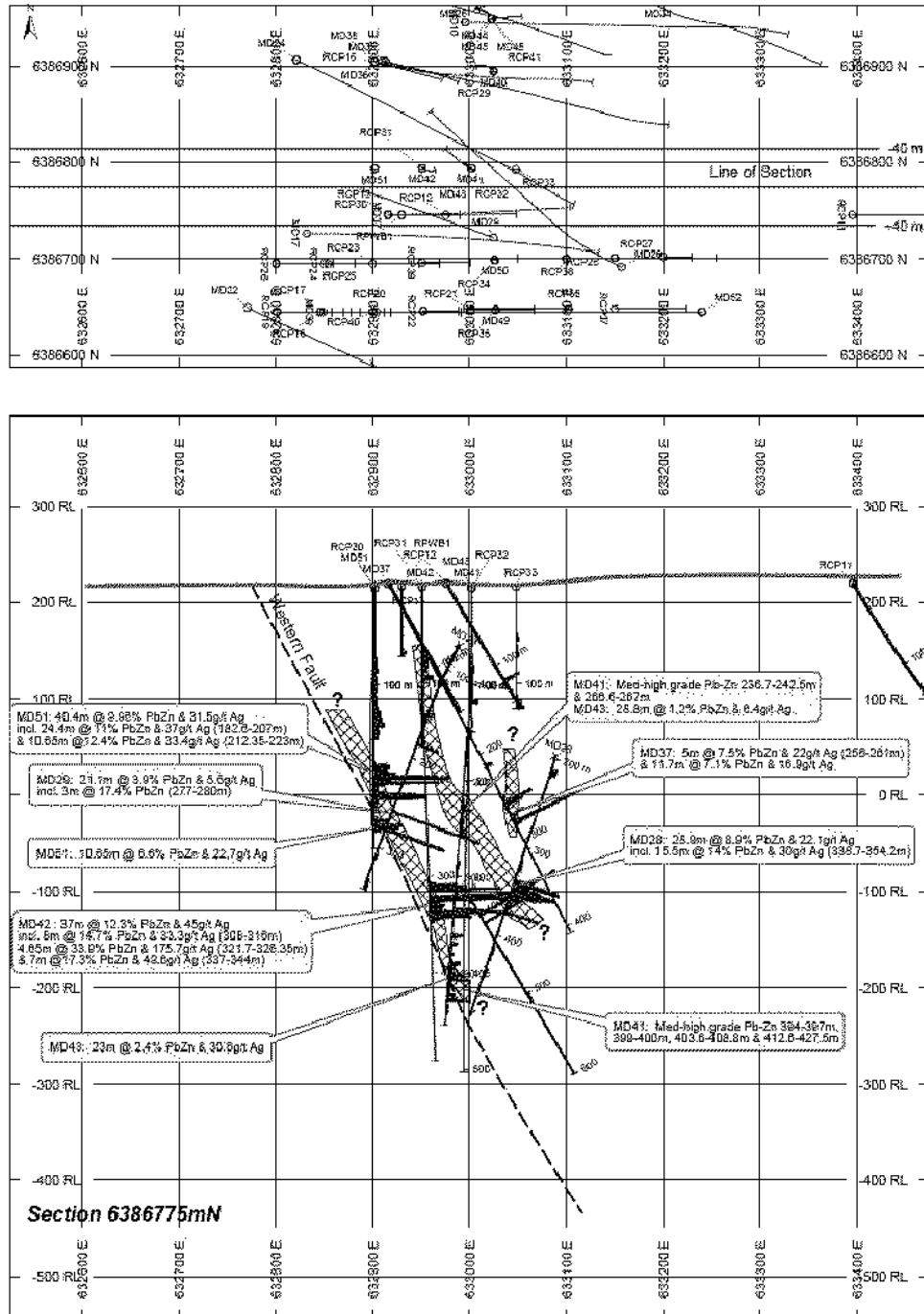
Significant assays and mineralisation to date, including assays from holes drilled but not assayed during the previous quarter, are:

DH ID	Prospect	Drilled	From m	To m	Interval m	Au ppm	Ag ppm	Cu %	Pb %	Zn %	Pb+Zn %
MD36	MD Central	Q1-06	118.3	119	0.7	0.38	32.5	0.17	5.93	5.05	10.98
MD39	MD Central	Q1-06	107	108	1	0.05	6	0.01	0.75	2.2	2.95
MD40	MD Central	Q1-06	276.5	298	21.5	0.01	15.4	0.08	3.32	3.25	6.57
incl. MD40	MD Central	Q1-06	276.5	277.7	1.2	0.07	56.0	0.18	13.89	7.73	21.62
incl. MD40	MD Central	Q1-06	280	280.5	0.5	<0.01	20.0	0.03	2.06	1.46	3.52
incl. MD40	MD Central	Q1-06	283.7	284.6	0.9	<0.01	22.8	0.26	5.87	7.57	13.44
incl. MD40	MD Central	Q1-06	286.5	298	11.5	0.01	17.7	0.10	4.16	4.54	8.70
MD40	MD Central	Q1-06	302.5	305	2.5	0.01	18.7	0.04	1.07	2.69	3.76
MD40	MD Central	Q1-06	306.4	310	3.6	<0.01	10.6	0.11	0.96	2.49	3.45
MD41	MD Central	Q1-06	Assays	in	progress						
MD42	MD Central	Q1-06	308	345	37	0.05	44.9	0.10	6.60	5.72	12.31
incl. MD42	MD Central	Q1-06	308	316	8	0.02	33.3	0.15	6.35	8.33	14.68
incl. MD42	MD Central	Q1-06	321.7	345	23.3	0.06	59.7	0.10	8.28	6.19	14.47
incl. MD42	MD Central	Q1-06	321.7	326.35	4.65	0.10	175.7	0.22	22.29	11.60	33.89
incl. MD42	MD Central	Q1-06	337	344	7	0.10	49.6	0.13	8.48	8.82	17.30
MD42	MD Central	Q1-06	347	348	1	<0.01	2.0	0.00	0.51	1.48	1.99
MD43	MD Central	Q1-06	151	159	8	<0.01	3.3	0.01	0.96	0.37	1.33
MD43	MD Central	Q1-06	228	256.75	28.75	<0.01	6.4	0.01	0.52	0.72	1.24
incl. MD43	MD Central	Q1-06	228	232	4	0.01	9.4	0.01	1.17	1.48	2.66
incl. MD43	MD Central	Q1-06	248	256.75	8.75	0.01	9.9	0.01	0.73	1.05	1.78
MD43	MD Central	Q1-06	258	274	16	0.02	6.5	0.02	0.65	1.14	1.80
MD43	MD Central	Q1-06	285	291	6	<0.01	2.2	0.01	0.59	0.26	0.85
MD43	MD Central	Q1-06	333.58	342	8.42	0.02	20.1	0.03	2.24	1.40	3.64
MD43	MD Central	Q1-06	361	364.2	3.2	0.01	9.4	0.02	0.98	2.13	3.11
MD43	MD Central	Q1-06	387	388	1	0.11	200.0	1.25	0.34	0.21	0.54
MD43	MD Central	Q1-06	390	413	23	0.05	30.6	0.10	1.14	1.25	2.40
incl. MD43	MD Central	Q1-06	401	413	12	0.03	24.4	0.07	1.62	1.46	3.09
MD43	MD Central	Q1-06	422	424	2	0.08	8.8	0.02	1.26	1.31	2.56
MD43	MD Central	Q1-06	427.6	428.93	1.33	0.38	42.0	0.14	5.54	3.51	9.05
MD44	MD Central	Q1-06	Assays	in	progress						
MD45	MD Central	Q1-06	377.9	388.1	10.2	0.01	30.6	0.14	0.34	3.43	3.76
incl. MD45	MD Central	Q1-06	381.3	384.3	3.0	0.02	43.8	0.09	0.52	8.47	8.99
MD46	MD Central	Q2-06	Assays	in	progress						
MD47	MD Central	Q2-06	380.6	398.7	18.1	0.03	27.8	0.11	1.66	6.54	8.20
incl. MD47	MD Central	Q2-06	390.8	398.7	7.9	0.05	29.3	0.13	0.25	12.03	12.28
MD47	MD Central	Q2-06	404.7	420	15.3	0.04	37.9	0.06	0.84	1.20	2.04
MD48	MD Central	Q2-06	377.89	378.29	0.4	0.04	58	0.07	1.17	1.93	3.10
MD48	MD Central	Q2-06	442.4	443	0.6	<0.01	21.5	0.00	0.13	2.76	2.89
MD48	MD Central	Q2-06	491	494.12	3.12	0.09	50.4	0.01	2.45	0.54	2.98
MD48	MD Central	Q2-06	494.12	500.44	6.32	0.08	58.0	0.09	1.95	3.17	5.13
MD49 / 49a	MD Central	Q2-06	Assays	in	progress						
MD50 / 50w	MD Central	Q2-06	Assays	in	progress						
MD51	MD Central	Q2-06	182.6	223	40.4	0.10	31.5	0.04	4.49	5.47	9.96
incl. MD51	MD Central	Q2-06	182.6	207	24.4	0.11	37.4	0.04	5.05	5.93	10.98
incl. MD51	MD Central	Q2-06	212.35	223	10.65	0.12	33.4	0.07	5.35	7.03	12.38
MD51	MD Central	Q2-06	231	233	2	0.15	4.8	0.00	1.28	1.12	2.40
MD51	MD Central	Q2-06	240	252	12	0.13	19.5	0.01	2.57	3.26	5.83
MD52	MD Central	Q2-06	Assays	in	progress						



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Figure 6. Detail from section 6386775mN through Central Zone





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Ingomar – EL 2969

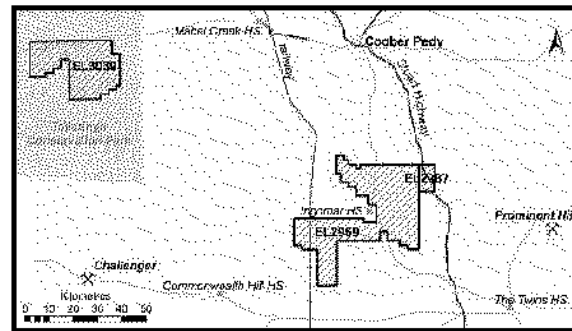
National Trig – EL 3039

Phar Lap – EL 2987

(Menninnie Metals Ltd 100%)

The potential for discovery of both Cu-Au-Ag-U-REE deposits associated with iron oxides and Pb-Zn-Ag mineral deposits within these tenements is considered to be highly favourable.

There is also considerable potential for sedimentary uranium, gold and precious metal deposits.



There was no exploration expenditure on these tenements during the quarter. However, a programme of surface geochemical sampling, drilling and gravity surveys has been prepared for 2006. Renewal applications were lodged near quarters end for EL 2969 (40% reduction) and EL 2987 (50% reduction). The adoption of an ILUA Native Title agreement is being considered.