



TERRAMIN AUSTRALIA LIMITED

Focus on Zinc

5th September 2006

Mr Dion Silvy
Adviser, Issues (Adelaide)
Australian Stock Exchange Ltd
GPO Box 547
ADELAIDE SA 5001

BY FACSIMILE 08 8216 5099

Dear Sir

We refer to a notice from the ASX dated 5 September 2006 asking about the 25% increase in share price and significant volumes within 24 hours. We note that \$4.7 million worth of shares has traded in that period.

There is no new information on our projects or our activities that the Company has not announced that would explain the trading.

The rise in share price is not unexpected given the import of recent announcements listed below, and suggest that the market has now begun to focus on the growth inherent in Terramin's zinc portfolio:

- the \$63 million Angas zinc project that has recently received approval for development. Predicted cash flow margins for 2008 from Angas of \$55 million so it will be a significant boost to Terramin's balance sheet. We have also announced life of mine offtake agreements with Semptra Metals and Concentrates (along with \$17m in capital) and a mandate to National Australia Bank for an \$87 million construction facility,
- In addition we have recently announced a 10,000 metre drill programme to take the Qued Amizour zinc project to JORC indicated status for feasibility study in 2007, and
- we recently announced that our \$8m joint venture funded by Zinifex Ltd on Terramin's Menninnie zinc project has resulted in significant zinc and lead intersections confirming the large potential in this project.

On this basis we maintain the Company is in compliance with the listing rules including LR 3.1.

Yours faithfully

David Paterson
Director

**ASX**

AUSTRALIAN STOCK EXCHANGE

5 September 2006

David Paterson
Director
Terramin Australia Limited
Level 1, 28 Greenhill Road
Wayville SA 5034

By: Facsimile: 8274 2191

Dear David

Terramin Australia Limited (the "Company")**RE: PRICE QUERY**

We have noted a change in the price of the Company's securities from a close of \$1.24 on 4 September 2006 to a high of \$1.66 today. We have also noted a large increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me on facsimile number (08) 8216 5099. It should not be sent to the Company Announcements Office.

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ABN 98 008 624 691
Level 1
88 King William Street
Adelaide SA 5000

GPO Box 547
Adelaide SA 5001

Telephone 61 (08) 8216 5034
Facsimile 61 (08) 8216 5099
Internet <http://www.asx.com.au>

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. (E.S.T) on Wednesday 6 September 2006.

The response must be in a form suitable for release to the market. If you have any concern about release of a response, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and the guidance note titled "Trading halts" we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,



Dion Silvy

Adviser, Issuers (Adelaide)

Direct Line: (08) 8216 5034