



ASX Shareholder Report

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*Terramin is a
dedicated
base metals
company focused on
developing zinc
mines close to
infrastructure.*

Investec backs Angas with \$57m facility

In a move designed to improve cash flows and increase zinc price participation, Terramin Australia Limited (ASX: TZN) has mandated Investec Bank (Australia) Limited (Investec) to arrange financing for the Angas Zinc Project. Investec replaces the financing mandate announced on 24 August 2006.

The Angas Zinc project, located near Strathalbyn, south of Adelaide, is currently costed at \$64.2 million including working capital, after the awarding of recent tenders.

Investec have been mandated to provide a \$56.5 million facility with further funding to be provided by US-based Sempra Metals and Concentrates Corporation and Terramin.

The indicative terms call for Terramin to contribute \$7-\$12 million, of which approximately \$2 million has already been expended. Terramin recently raised \$11 million in a placement to institutional investors.

Terramin is negotiating with Sempra for the provision of an upfront loan of \$10 million, as part of the terms of its previously announced offtake and financing arrangements. Sempra and Terramin have signed life-of-mine offtake agreements based on annual benchmark terms.

Investec will subscribe for \$10 million in convertible notes at a 20% premium to the share price, convertible after 18 months.

These funding sources will provide more than \$27 million to the project before senior debt drawdown.

The major financing proposed by Investec is a \$35 million senior debt facility plus a \$10 million cost overrun standby facility and a \$1.5 million bank guarantee facility.

Hedging requirements are 50% of production for an average of 13 months under the arrangement with Investec, substantially less than required under the previous mandate.

Hedging will not be required until drawdown of the senior debt commences, which will be well into the construction phase.

These terms will reduce funding requirements by up to \$10 million, in addition to increasing Terramin's leverage to high zinc prices flowing from the shortage of concentrates and metal. Under current forward zinc prices, net cash margins for Angas are \$102 million in 2008.

Investec Bank (Australia) Limited is a specialist investment bank which is a major provider of finance and risk products to the resources sector. It is a wholly-owned subsidiary of the London Stock Exchange-listed Investec plc.