



**ASX
Shareholder
Report**

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First Algerian zinc assay results - confirm world class deposit.

Terramin Australia Limited (ASX 'TZN') has recorded **high zinc grades and thick intersections** at the Oued Amizour Zinc Project (pronounced 'wedda missour').

Terramin Executive Chairman, Dr Kevin Moriarty, said the assays, the first from a drilling program undertaken by Terramin last year, were "very encouraging".

"The assays support Terramin's view that previous drilling and assays on the deposit by the Algerian Government's exploration arm, ORGM, was technically competent and reliable," Dr Moriarty said.

"The results we are seeing give us confidence that Oued Amizour will be a world class mining project within three years," he said.

Drill hole TH002 intersected 184 metres of mineralisation grading 6.58 % zinc + lead. "Within this section was **64.0 metres assaying 10.69% zinc and 2.25% lead** including a **13.75 metre intercept assaying 24.26% zinc and 4.14% lead**" Dr Moriarty said.

Further details on the intercepts can be found in Tables 1 & 2.

The closest ORGM drill hole to TH002 was OA068 being 38 metres away. (refer figure 1 & 2) It intersected 94.4 metres assaying 9.24% zinc and 3.63% lead commencing at 355.75 metres. This correlates well with the intersection in TH002 referred to above given the nature of this volcanic hosted massive sulphide deposit ('VHMS').

Dr Moriarty also confirmed that geological logging, splitting and sampling of drill hole TH003 will be completed in the next few days. Samples will then be dispatched to Adelaide for assay. "Drill logs show some 289 metres of near continuous but variable mineralisation from 140 metres to the end of hole at 429.1 metres" Dr Moriarty said.

"Further comment on the significance of this thick intersection must await assay results."

Drilling continues and will accelerate in coming weeks with the addition of more powerful drill rigs.

Hole ID	Collar Coordinates		RL (m)	Dip	Azimut h (°MN)	Hole Type	Depth (m)	Target
	North	East						
TH001	376755	703960	218	-90	-	HQ to 365.6 m then NQ2	409	Core Zone
TH002	376745	704010	210	-90	-	HQ to 351.3m then NQ2	547.7	Core Zone
TH003	376877	703868	178	-90	-	HQ to 298.4 m then NQ2	429.1	Possible Core Zone extension
TH004	376718	704036	209	-90	-	HQ	282.6 drilling ahead	Core Zone Twin to OA068

Hole ID	From (m)	To (m)	Interval (m)	% Zn	% Pb	% Cu	g/t Ag	% Zn + Pb
TH002	324.0	508.0	184.0	5.13	1.45	<0.005	<2	6.58
and including	349.0	456.1	107.1	7.50	2.35	<0.005	<2	9.85
including	349.0	413.0	64.0	10.69	2.25	<0.005	<2	12.94
including	369.0	382.75	13.75	24.26	4.14	<0.005	2.03	28.40

Note

1. Gold assays are awaited and will be reported later. Previous ORGM drill assays did not include gold.
2. Assaying was carried out at AMDEL laboratories in Adelaide using their MET1 technique for Zn,Pb,Cu, an ICPOES analysis on a modified aqua-regia digest. Gold analysis is being done by fire assay.

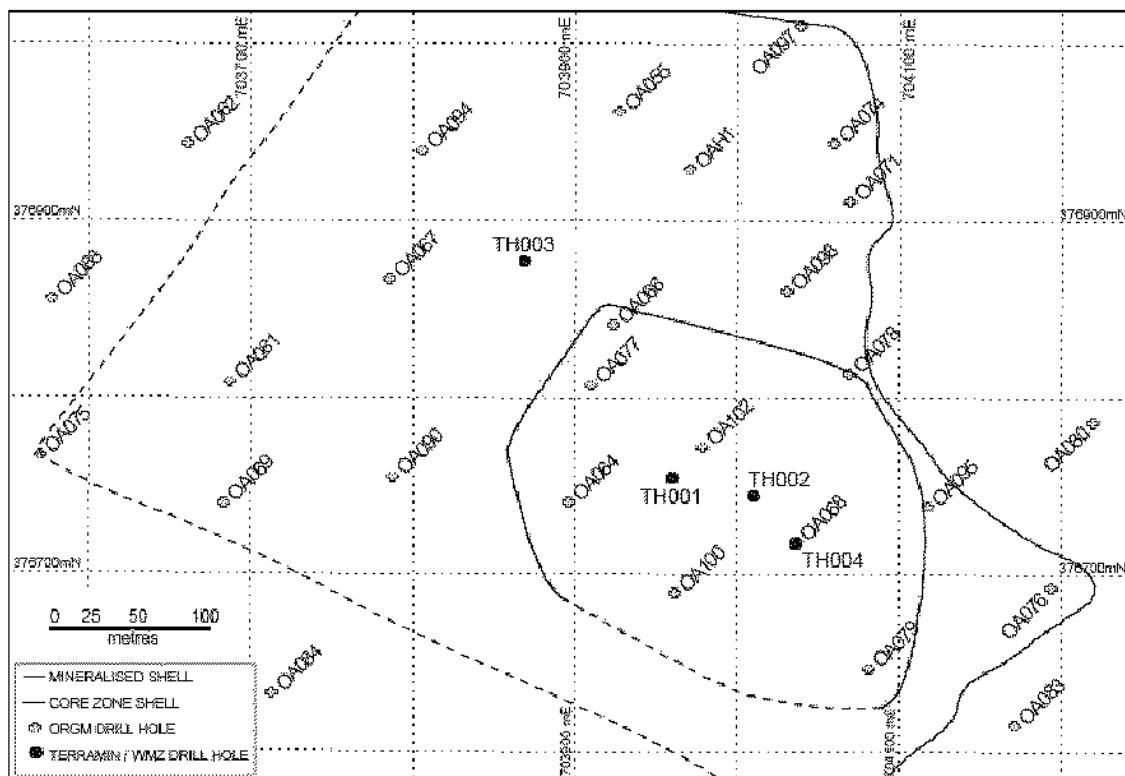


Figure 1 Qued Amizour Zinc Project – Tala Hamza deposit drill hole location plan

Terramin's Oued Amizour Zinc Project

The Oued Amizour Zinc Project is based on the 50 million tonne VHMS type Zn+Pb deposit "Tala Hamza". 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 Sardinia. Infrastructure includes power, water, roads and labour force.

Published resources include 30.32 million tonnes assaying 5.47% zinc and 1.39% lead and a higher grade core zone of 11.02 million tonnes assaying 10.89% zinc and 3.04% lead. (Please refer to an important note below)

Terramin's interest is held via a 65% shareholding in an Algerian company Western Mediterranean Zinc SpA (WMZ) which owns 100% of Exploration Permit 5225PE – Oued Amizour. Terramin will spend at least US\$6.6m up to decision to mine expected in 2008.

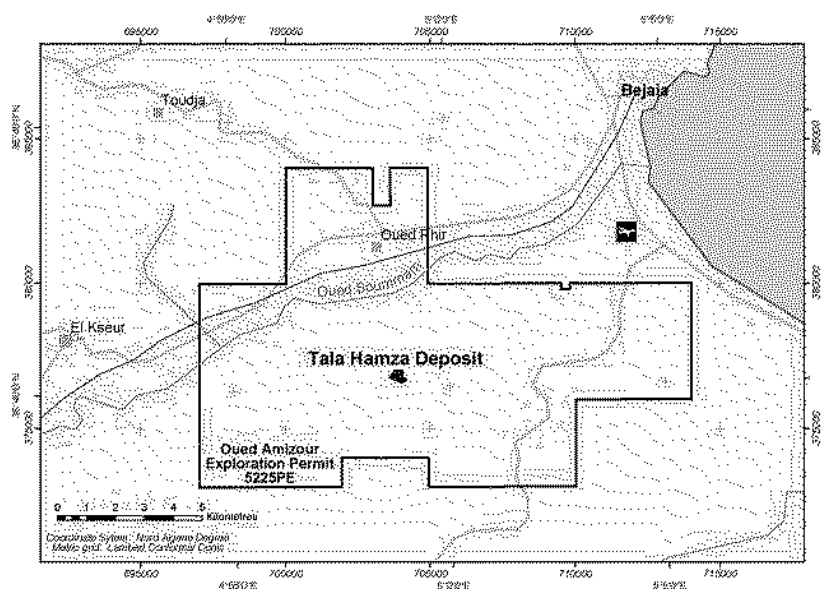


Figure 3 Location Map Oued Amizour Zinc Project

Important Note

The resource estimates for the Tala Hamza deposit were prepared by ORGM, the Algerian Government exploration agency, and widely published. (Le nouveau gisement de Zinc-Plomb de Oued Amizour (Wilaya deBejaia) - Presentation, Reserves et traitement DETP Juillet 1996). The estimates used the Soviet system that is not able to be directly compared to JORC categories. While it is possible that the resource will not become JORC compliant the ORGM estimate is believed reliable since it is backed by more than 40 diamond drill holes, thousands of analyses and detailed geological logging and interpretation by well trained geologists. The addition of recent data from one or more holes being drilled now may be sufficient to estimate a JORC resource. Terramin has engaged Golder Associates to advise on measures required to meet JORC requirements. Terramin is undertaking a major infill drill programme that will enable estimation of JORC compliant indicated resource and reserves early in 2007.

The information in this report that relates to exploration activity is compiled by Dr K Moriarty PhD, M AusIMM a Competent Person as defined by the JORC code. Dr Moriarty is Executive Chairman of Terramin. Unless stated otherwise exploration results, 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). Dr Moriarty consents to the release of the information compiled in this report in the form and context in which it appears.