

4th Quarter 2006

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>
Martin Janes	Chief Financial Officer <i>BEcon, MAICD</i>

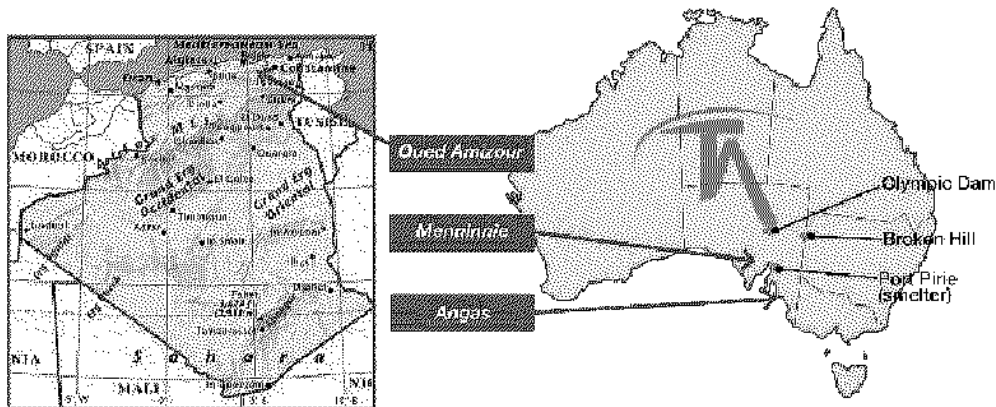
Capital structure

Shares on issue at 31 January 2007	84,227,008
Unlisted options	
20 cents exercise price	200,000
25 cents exercise price	100,000
45 cents exercise price	250,000
52 cents exercise price	930,000
60 cents exercise price	1,230,000
126 cents exercise price	575,000
142 cents exercise price	350,000
144 cents exercise price	150,000
157 cents exercise price	1,500,000
188 cents exercise price	1,500,000
Total options	6,785,000
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, M AusIMM who is a Competent Person as defined by the JORC code. Dr Moriarty is Executive Chairman of Terramin. 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, M AusIMM, a full time employee of Terramin and Competent Person as defined by the Code, prepared the reserve estimate for Angas. Both Dr Moriarty and Mr Trewartha have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person under the Code. Dr Moriarty and Mr Trewartha consent to the release of the information compiled in this report in the form and context in which it appears.



OVERVIEW



Angas zinc project

(TZN 100% interest)

- Major works contracts awarded for boxcut, power infrastructure.
- Land purchases and waivers for mining operation advanced.
- Improved access to cash flow from new finance package.

Oued Amizour zinc project

(TZN 65% via *Western Mediterranean Zinc SpA*)

- 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
- First assays support Terramin view that previous ORGM drilling and assaying was technically competent and reliable.
- Operations base expanding to support extensive exploration and drill programme, second rig now in operation.

Menninnie zinc-lead-copper project

(TZN 40.8% via *Menninnie Metals Limited*)

- Significant Induced Polarisation (IP) anomalies located over and to the south of Menninnie Central mineralisation.
- MD 54 returned further good assays (28 metres @ 5.0% Pb+Zn, including 16.5 metres @ 8.01% Pb+Zn and 4.6 metres @ 21.1% Pb+Zn) – refer assay table for full results.
- During the quarter Zinifex earned a 49% interest in EL 3640 with their cumulative exploration funding reaching \$5 million.

Finance

- As at 31 December 2006 consolidated available cash totalled \$ 9.4million.
- In December, 6.7 million shares placed to domestic and international institutions raising \$11.0 million.
- Investec Bank (Australia) Limited mandated to provide \$56.5 million facility to fund Angas Zinc project.



CHAIRMAN'S REVIEW

I am writing this as I return from a visit to our Tala Hamza project in Algeria, combined with a meeting of the board of Western Mediterranean Zinc SpA, our subsidiary and joint venture vehicle holding the project. I was pleased with the advancing state of the facilities—we now have modern core logging sheds and containerised storage for the core. The mineralised core is cut then sealed in nitrogen filled plastic bags to prevent oxidation of the sulphides. Half the core is sent for analysis, and the rest retained for reference.



After some delays in customs, our second rig was on site. It will enable us to drill wider diameter at greater depths, and in particular, to drill beyond 500m with confidence. Although the main deposit is intensively drilled, the margins are open because of the limitations of the original drill equipment. The core zone is untested to the south and we expect some millions of tonnes of high grade could be added to the resource. In early January we reported the spectacular first results of our program—these appear in the Oued Amizour project section of this quarterly. The assays conformed closely with the results from the 40 previous ORGM holes, which are therefore likely to be able to be used in estimating a JORC standard resource in the next months.

While in Algiers I met with the Minister for State Shareholdings and Investments, who oversees the privatisation process and our partners in the project. He pointed out that the mood in the country had recently shifted to an acceptance that improved conditions would flow from increased foreign investment and expertise in the mining and other sectors of the economy. I have certainly experienced this in meetings, where the main questions revolve around how soon the project can start to provide jobs. We also discussed a role for local investors within Algeria and the potential for capital raising, which the Minister said was high. The Minister encouraged us to consult with the small local stock market and we will explore this as the project develops.

The Minister of Mines and Energy also kindly met with me to discuss how to overcome problems with taxation exemption for contracts, such as used for the drilling, and gave instruction that these be added for exemption. He had recently been of great assistance in overcoming problems in importing items for exploration for our project and this will benefit all mining operations in Algeria. The mining industry in Algeria is therefore assured of cooperation in resolving difficulties. I told him that we needed assistance if we are to maintain our schedule to achieve early production. This involves completing pre-feasibility in the next year and bankable feasibility in 2008, a tight schedule for an initial 1.5 million tonne per annum operation, but its location, only 10km from a deep water port and city, make it achievable if supported by the government.

As I write we are still experiencing delays in regulatory approvals for the Angas operation, despite the equipment being on site to start the boxcut, and all studies completed and reported. We have received some advantage by being able to negotiate a new financing package with potential cash flow benefits for Terramin. These are the result of a shorter hedging term, incorporating rolling and more limited hedges combined with a lower borrowing requirement. An additional benefit will be the provision of \$10m in working capital available for our projects, including Oued Amizour, by way of a convertible note issue to Investec Bank.

My next letter will report the extent of construction at Angas, progress toward a resource at Menninnie, and we should be close to achieving JORC status for the Tala Hamza deposit. A recent research report by Austock Limited highlights the impact that Tala Hamza could have on Terramin's value—our resource base would rank second in Australian listed zinc companies (the report is available from our website).

Kevin Moriarty
Executive Chairman



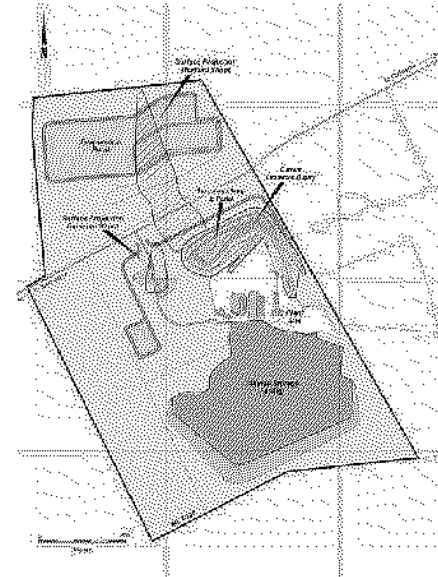
PROGRESS DURING THE QUARTER

ANGAS ZINC PROJECT – Mining Lease 6229

(Terramin 100%)

The Angas Zinc project is located 2 km outside the 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.

Feasibility studies and a financial model for a 400,000 tpa underground operation were completed in July 2006. All long lead time capital items have been secured. A fixed price lump sum process plant contract is ready for execution.



Angas Mine Operations

Title, licensing and community

Mining Lease ML6229 was granted on 17th August 2006. The lease contained six conditions in the First Schedule and seventy-seven conditions in the Second Schedule.

The Strathalbyn community consultation committee (CCC), which is an important information sharing part of the Angas Zinc Project, met on a monthly basis to discuss the issues raised by the mining and rehabilitation programme (MARP) approval process.

Key activities during the quarter included:

- Ongoing discussions with PIRSA and other government agencies in an effort to refine the MARP and ensure it addressed all licence conditions.
- The EPA licences will now be granted in concert with the MARP.
- Applied to and received approval from the Department of Water Land and Biodiversity Conservation ('DWLBC') for the use of water under the Natural Resources Management Act (2004). The approval was granted as Authorisation No. 121634.
- Resubmission of the MARP in December for government review.

The Angas Zinc Project will operate with world's best practice incorporating the most modern tailings storage facility (TSF) design and construction, and greenhouse gas abatement strategies.

Operations

The focus for the quarter was negotiation with landowners on purchase of the necessary property for the Angas Zinc Mine and obtaining the necessary waivers to allow operations.

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

- Finalised detailed TSF design incorporating a double HDPE liner beneath the decant pond.
- Letting of the boxcut contract to Exactmix Pty Ltd of Adelaide. The contract involves all earthworks including the TSF construction. Work will commence on approval of the MARP.
- Letting of the power infrastructure contract to ETSA Utilities for the provision of the power substation and associated supply lines. This work has commenced.
- Appointment of key personnel including the general manager – Angas zinc mine, and the manager - mining.



- Agreement was reached with the major landowner for the purchase of their property. The contract was signed in December 2006. Other discussions on minor land acquisitions are proceeding.
- The majority of waivers necessary for operation have been obtained. The outstanding waivers are the subject of Wardens Court proceedings to be heard again in February 2007.

Environmental Issues

A three monthly Angas zinc mine environmental monitoring report for the period ending September 2006 was prepared and submitted to the CCC. This is not a condition of the lease but was prepared as part of the ongoing information sharing process. The report for the three months ending December 2006 is currently in preparation.

Capital cost

The overall pre-production capital construction cost, environmental bonds plus working capital and owner's cost to post first shipment revenues is estimated at \$67.2 million.

Second-hand office accommodation has been found and has been delivered to site. This will allow speedy commencement of the boxcut contract following approvals while reducing capital cost.

Metallurgy

Metallurgical test-work was completed with the lock cycle testing of the last quarter. No further work was performed during this quarter. The only outstanding test-work relates to some optimisation flotation testing to reduce reagent costs without impacting on recovery or grade.



Exactmix vehicles located at Angas ready for boxcut excavation



Angas Mine Financing

In December, Terramin mandated Investec Bank (Australia) Limited (Investec) to arrange the financing for the Angas Zinc project. Investec replaces the financing mandate announced on 24 August 2006. Investec have been mandated to provide a \$56.5 million facility with further \$10 million of funding to be provided by Sempra Metals and Concentrates Corporation. The indicative terms call for Terramin to contribute \$7 to \$12 million of the project expenditure.

Under the new financing mandate hedging requirements are 50% of production for an average of 13 months. This is substantially less than required under the previous mandate. The new mandate also enables Terramin to access increased cash flow.

Investec are currently undertaking their credit review with credit approval expected to be received in early February.

Exploration – Diamond Drill Programme

During the quarter limited exploration drilling was undertaken. Most work comprised geotechnical operations such as soil testing for mine plant footings, on-going hydrogeological investigations, and the grouting and rehabilitation of old drill holes in preparation for mining start-up.

Four exploration diamond drill holes were completed during the quarter (see table below for details). Two of the holes (AN136, 145) were extensions of previous drillholes.

Q4 2006 Exploration drilling								
Hole ID	Collar Coordinates MGA94-54		RL (m)	Dip	Azimuth (°MN)	Hole Type	Depth (m)	Target
	East	North						
AN136ext	310726	6097325	70	-75	280	NQ2	459.3	Rankine Down-Dip
AN145ext	310882	6096647	65	-60	277	NQ2	516.0	Rankine Down-Plunge
AN156	310775	6097240	77	-75	269	NQ2	510.3	Rankine Down-Dip
AN156D1	310775	6097240	77	-75	269	NQ2	487.0	Rankine Down-Dip

All four holes targeted the main zone at Angas down-plunge or down-dip from the Rankine orebody. AN156 and AN156D1 (wedged from AN156 at 251 m) tested extensions to a steep north-dipping, mineralised zone which corresponds to the southern limit of the Rankine orebody (see longitudinal section below). Both holes intersected intervals of base-metal sulphide mineralisation (sphalerite + galena + chalcopyrite) varying from 1 to 3m width which are interpreted to be extensions to Rankine mineralisation.

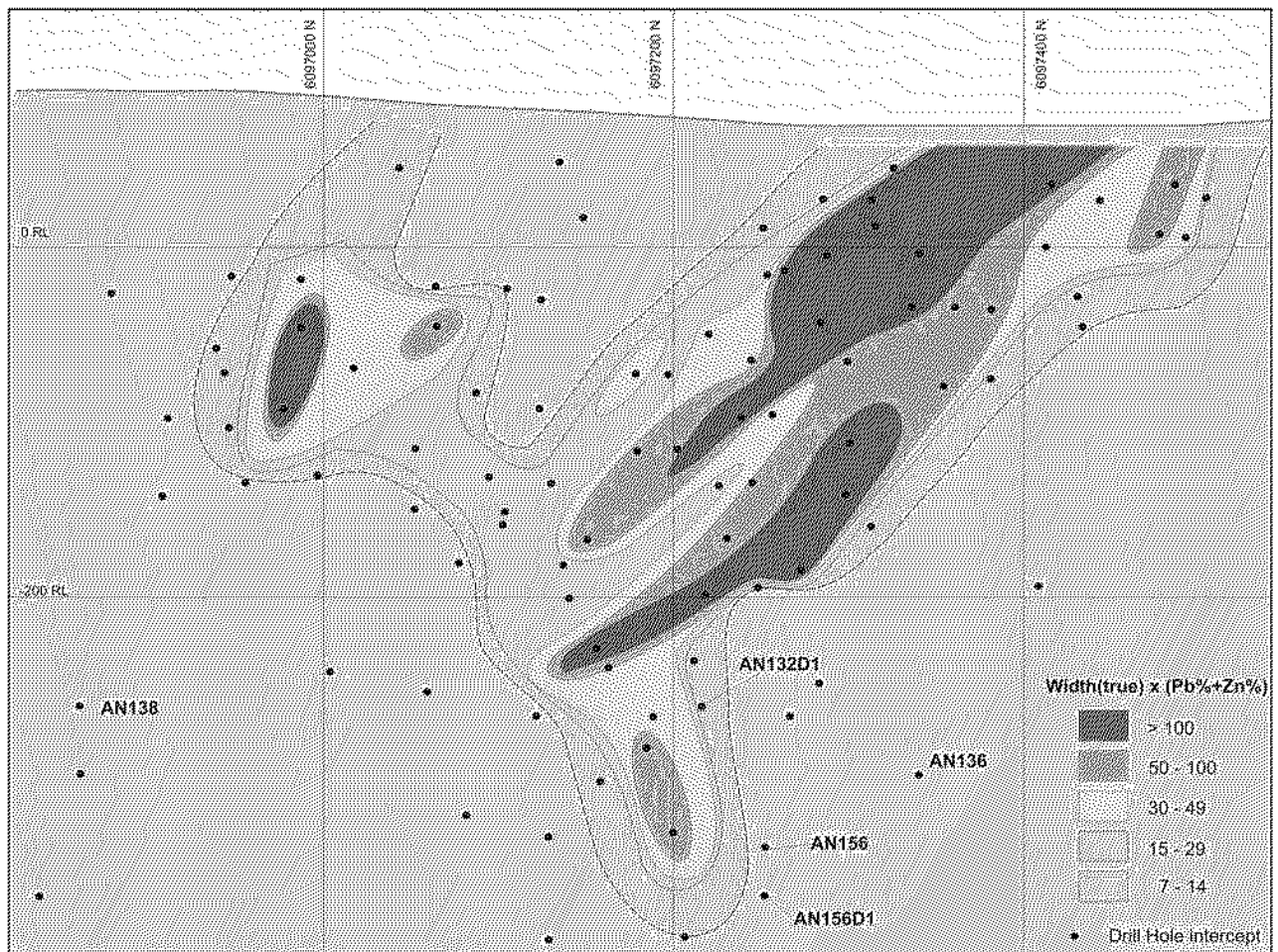
AN136ext tested a zone below the Rankine orebody for potential parallel ore zones. The hole intersected chalcopyrite-rich mineralisation with minor sphalerite hosted by main zone. AN145 tested the down-plunge position between AN016 and AN109 at 6096700N and intersected a thin zone of massive pyrrhotite mineralisation with minor sphalerite.

Assay results are still awaited from these holes drilled during the quarter.

Assay results were received in the quarter for several holes drilled in the previous quarter - AN138, 142, 144, results are shown below. Hole AN138 returned only anomalous Zn-Pb values, confirming the southern limit of the Rankine orebody. Holes AN142 and 144 from the Dawson Anomaly returned weakly anomalous Zn-Pb values. A downhole electromagnetic survey is planned for early 2007 to determine if additional drilling of the Dawson Anomaly is required.



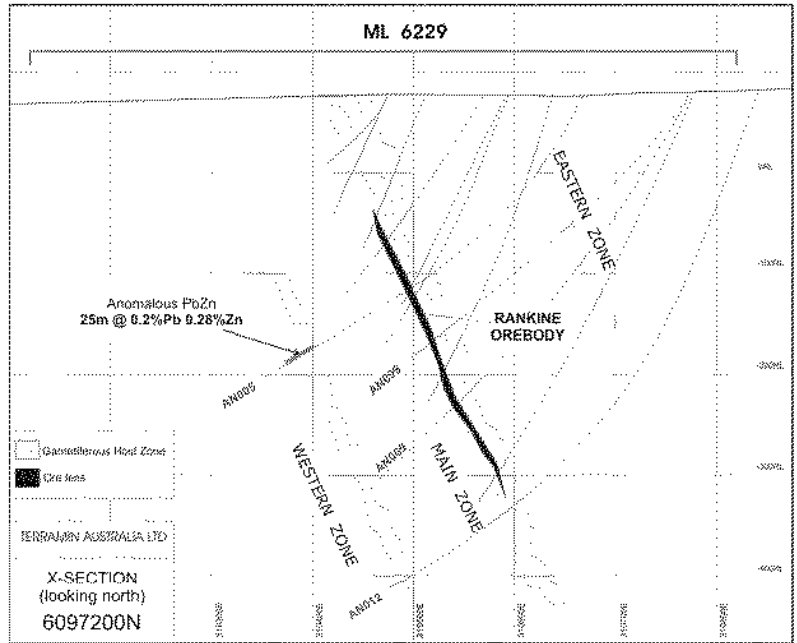
Q4 2006 Assay Results										
Hole ID	Target	Drilled	From (m)	To (m)	Interval (m)	% Zn	% Pb	% Cu	g/t Ag	g/t Au
AN132D1	Rankine	Q2-06	Assays in Progress							
AN133	Eastern	Q2-06	Assays in Progress							
AN136	Rankine	Q4-06	Assays in Progress							
AN138	Rankine	Q2-06	400	406	6	0.01	0.13	0.2	2.5	<0.01
AN142	Dawson	Q2-06	49	50	1	0.02	<	0.1	<	<
AN142	Dawson	Q2-06	183	183.6	0.6	0.02	0.04	0.1	<	<
AN144	Dawson	Q2-06	301.1	301.6	0.5	0.06	<	0.2	<	<
AN148	Rankine	Q3-06	No Significant results							
AN151	Eastern	Q3-06	No Significant results							
AN151	Eastern	Q3-06	No Significant results							
AN156	Rankine	Q4-06	Assays in Progress							
AN156D1	Rankine	Q4-06	Assays in Progress							



Longitudinal Section (South-North) of the Rankine and Garwood orebodies



A reappraisal of the Western Zone during 2006 involved re-logging drillcore from the pre-Terramin era. The Western Zone was often not recognised in early drillholes. A previously untested section of sulphide-mineralised core from AN005 was sampled for assay. The intercept returned a wide interval of strongly anomalous Zn + Pb mineralisation: 25 m @ 0.28% Zn and 0.20% Pb between 380 and 405 m (see cross-section 6097200 below). There are very few drillhole intersections of the Western Zone at Angas and recent assay results confirm the prospectivity of this zone.



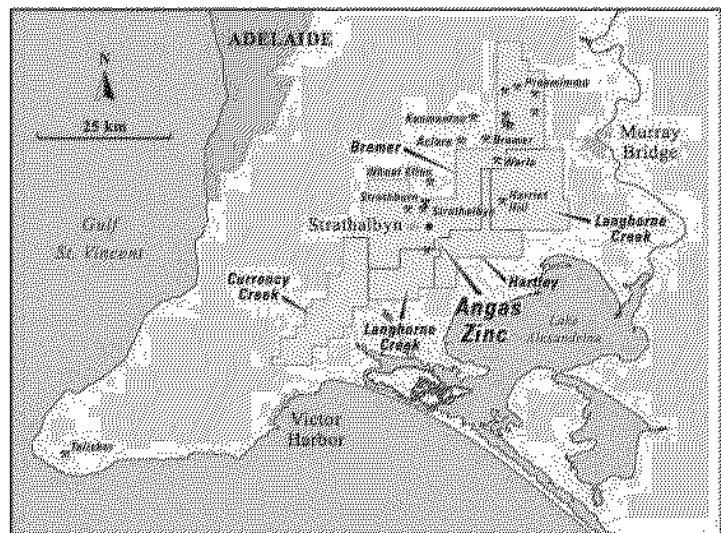
Cross Section 6097200N showing Western Zone intersection in AN005 with location of anomalous Zn/Pb mineralisation.

FLEURIEU REGIONAL EXPLORATION

- Bremer – EL 3641** (was 2839)
- Currency Creek – EL 3128,**
- Langhorne Creek – EL 3310,**
- Hartley – ELA 417/06**
 (Terramin 100%)

Terramin's Fleurieu Project exploration licences cover an area of ~1,000 km² of stratigraphy and geological structures prospective for Angas-style Zn-Pb-Ag deposits, Kanmantoo-style (Cu-Au) deposits and possibly nickel sulphide deposits.

Terramin's understanding of the area has been enhanced with the acquisition of regional airborne geophysical data. Interpretation of the airborne geophysics data has identified six areas with Angas-like signatures within the tenements. Ground geophysical surveys beginning in late January/early February will better define the airborne geophysics signature prior to drilling.



Terramin has been awarded \$55,000 PACE funding by the government of South Australia for a drilling program to target the Harriett Hill airborne geophysical anomaly, 20 km east of Angas.

No new fieldwork was conducted on the Currency Creek and Langhorne Creek tenements during the quarter.

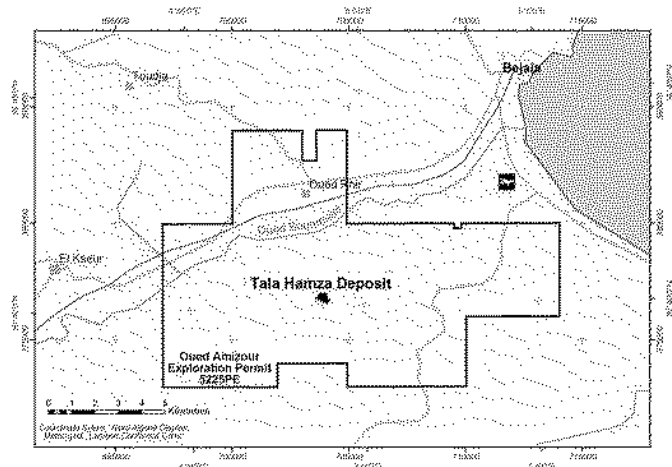


OUED AMIZOUR ZINC PROJECT, Bejaia, Algeria

(Terramin 65%)

The Oued Amizour zinc project is centred on the large volcanic hosted hydrothermal 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 on site. Published resources by ORGM are 30Mt at 6.9% Zn+Pb (6% cut-off and 98m thickness) with a core of 11Mt at 13.9% Zn+Pb.

Terramin's interest is held via a 65% shareholding in an incorporated Algerian company Western Mediterranean Zinc SpA (WMZ). Terramin will spend at least US\$6.5m up to decision to mine.



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 a 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 an infill drill programme and studies that will enable estimation of JORC compliant resources and reserves.

Tenure

Exploration Permit 5225 PE was granted to WMZ on 7th August 2006 for a term of 3 years. The permit covers 122.76 square kilometres and can be renewed at the end of the initial term (August 2009).

WMZ Operations update

The exploration and evaluation team is growing as drilling and mining studies are ramped up. A second diamond drill rig is operating (effective 29 January 2007) and scoping studies continue with initial reports received from Golder & Associates and Worley Parsons Komax.

The operations base at Amizour is continuing to be upgraded with the addition of a core-logging shed, core storage facilities and geotechnical testing equipment.

Logistics and services were a focus during the quarter. Water supply, access track upgrading and drill pad establishment activities were carried out to ensure exploration and drilling were not interrupted by weather.

Additional staff appointments include Dr Belkacem Touahri as directeur général, WMZ. This is a statutory position in Algeria, equivalent to managing director in Australia. Staff numbers have increased from 7 to 10 during the quarter. Additional appointments in the current quarter will likely include 2 geologists, a field assistant and a procurement / logistics officer.

Dr Touahri brings very valuable expertise and management experience to the company. He started work as a geologist in 1969, completed two doctorate thesis on carbonate-hosted lead-zinc ore deposits in Algeria and was actively managing Algerian Government exploration programmes for more than 20 years, including the



major programmes at Oued Amizour. He held the position of executive manager at ORGM from 1992-98. Immediately before joining WMZ he was president and directeur général of Bental SpA, an Algerian bentonite production company (2001 to Sept 2006).

The arrival of the second drill rig has seen the appointment of 6 local staff to further support operations, with the drilling contractor, Spektra Geotek employing 4 drilling offsiders and WMZ has added 2 additional drivers. They include 4 people from the village of Ait Bouzid located in the valley adjacent to Tala Hamza.

Oued Amizour Exploration Programme (5225 PE)

The exploration programme comprises three phases at Tala Hamza :

- a confirmation phase aimed at establishing that the existing data is reliable and suitable for inclusion in JORC compliant resource calculations,
- an infill phase to transform the published resource into an indicated JORC resource, and
- an expansion phase to explore for extensions of the known mineralisation to the south.

Planning of an exploration programme for satellite deposits close to Tala Hamza is underway, particularly targeting identified potential for open pit resources.

Tala Hamza Deposit

Confirmation phase

In Quarter 3 2006, TH001 confirmed the presence of low temperature hydrothermal mineralisation at 340m within 5 metres of the predicted depth. Due to technical problems the drill hole was stopped at 409m, in massive sulphide mineralisation. The hole will be extended at a later date.

Two other holes, TH002 and TH003, cored the entire deposit in the last quarter of 2006. TH004 was completed in January 2007. All holes intersected mineralisation at the predicted depth.

Drill hole statistics - Tala Hamza Deposit - Oued Amizour Zinc Project									
Hole ID	Rig Contract	Collar Coordinates		RL (m)	Dip	Azimuth (°MN)	Hole Type	Depth (m)	Target
		North	East						
TH001	ORGM	376755	703960	218	-90	-	HQ to 365.6 m then NQ2	409	Core Zone to be extended
TH002	ORGM	376745	704010	210	-90	-	HQ to 351.3 m then NQ2	547.7	Core Zone
TH003	ORGM	376877	703868	178	-90	-	HQ to 298.4 m then NQ2	429.1	Possible Core Zone extension
TH004	ORGM	376718	704036	209	-90	-	HQ to 355.8 m Then NQ	574.3	Core Zone Twin to OA068
TH005	ORGM	376690	703910	199.7	-90	-	HQ / NQ	Commenced 26.01.07	Core Zone
TH006	Spektra	376690	703962	236	-90	-	HQ / NQ	Commenced 29.01.07	Core Zone Twin to OA100



TH002 intersected a thicker than expected mineralised horizon from 321.10 to 508.8m. The core was then prepared and sent to Australia for assaying and metallurgical testing.

The assays showed 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.**

Summary assay results TH002 - Tala Hamza Deposit – Oued Amizour Zinc Project									
Hole ID	Drilled	From (m)	To (m)	Interval (m)	% Zn	% Pb	% Cu	g/t Ag	% Zn + Pb
TH002	Q3-06	324.0	508.0	184.0	5.13	1.45	<0.005	<2	6.58
	<i>and including</i>	349.0	456.1	107.1	7.50	2.35	<0.005	<2	9.85
	<i>including</i>	349.0	413.0	64.0	10.69	2.25	<0.005	<2	12.94
	<i>including</i>	369.0	382.75	13.75	24.26	4.14	<0.005	2.03	28.40

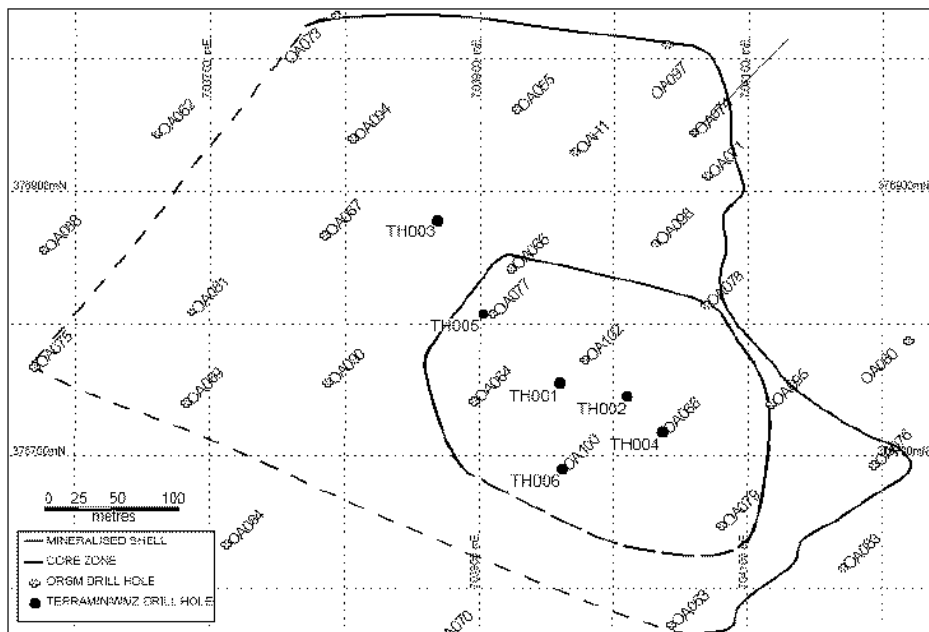
TH003 intersected mineralised horizons from 169.7m to the end of hole at 429.1m. Core samples have arrived in Adelaide for assay and metallurgical testing. The mineralisation intersected is in line with predictions based on nearby ORGM drill intercepts

TH004, located 1m from ORGM OA68, was completed in January 07. It intersected mineralised horizons from 325m to 500m, also in line with predictions. Core from this drill hole is being sampled for analysis in Australia.

Results to date are encouraging as they conform with the geological data produced by ORGM in the 1990's. In particular assays obtained from TH002 are similar to the results obtained by ORGM.

Preliminary metallurgical testwork has commenced with first results expected in March.

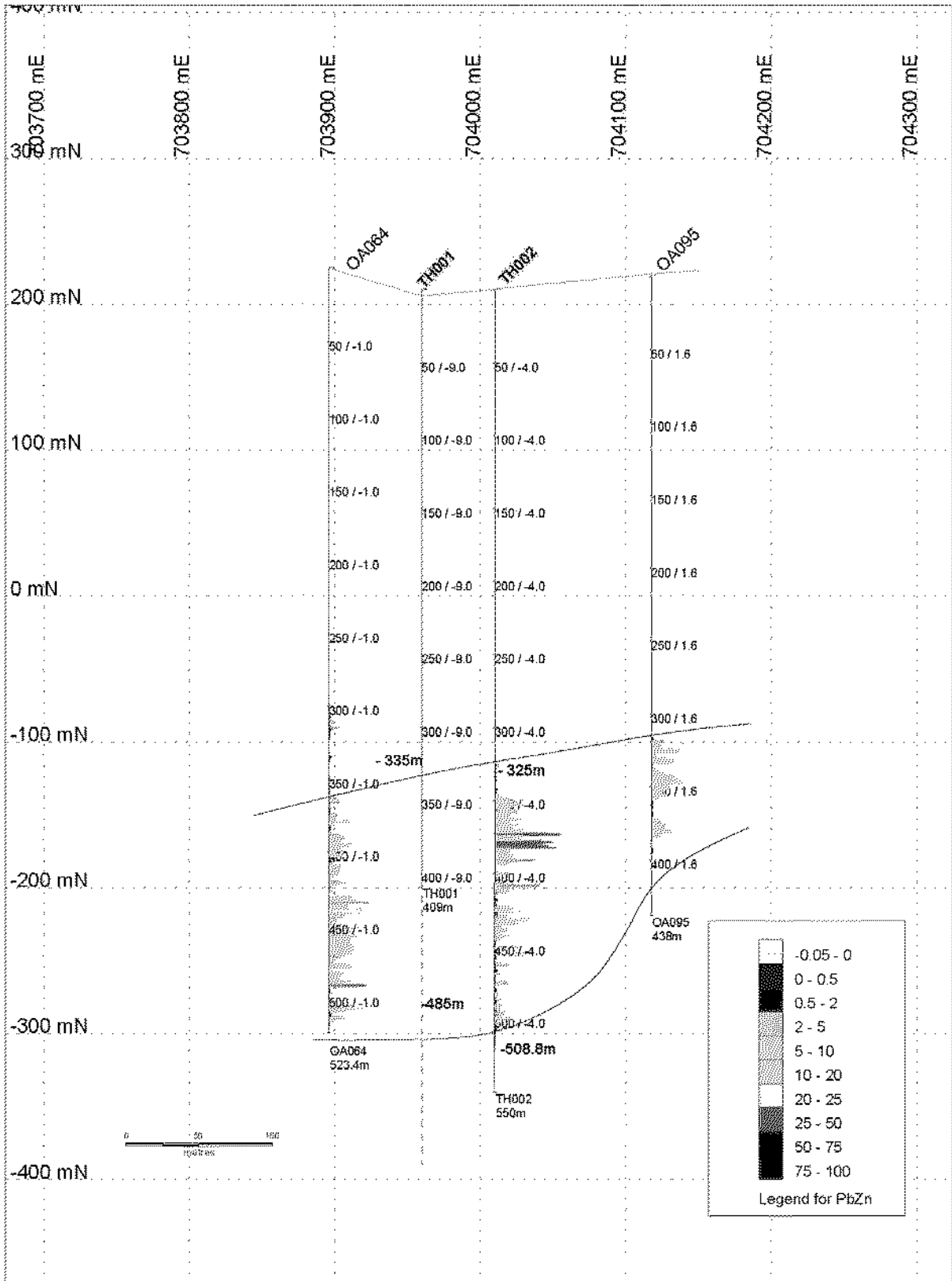
Spektra commenced drilling TH006 on 29 January 2007 with a powerful diamond rig. The hole is designed to twin ORGM drill hole OA100 to provide statistical support for including the ORGM holes in JORC resource estimation.



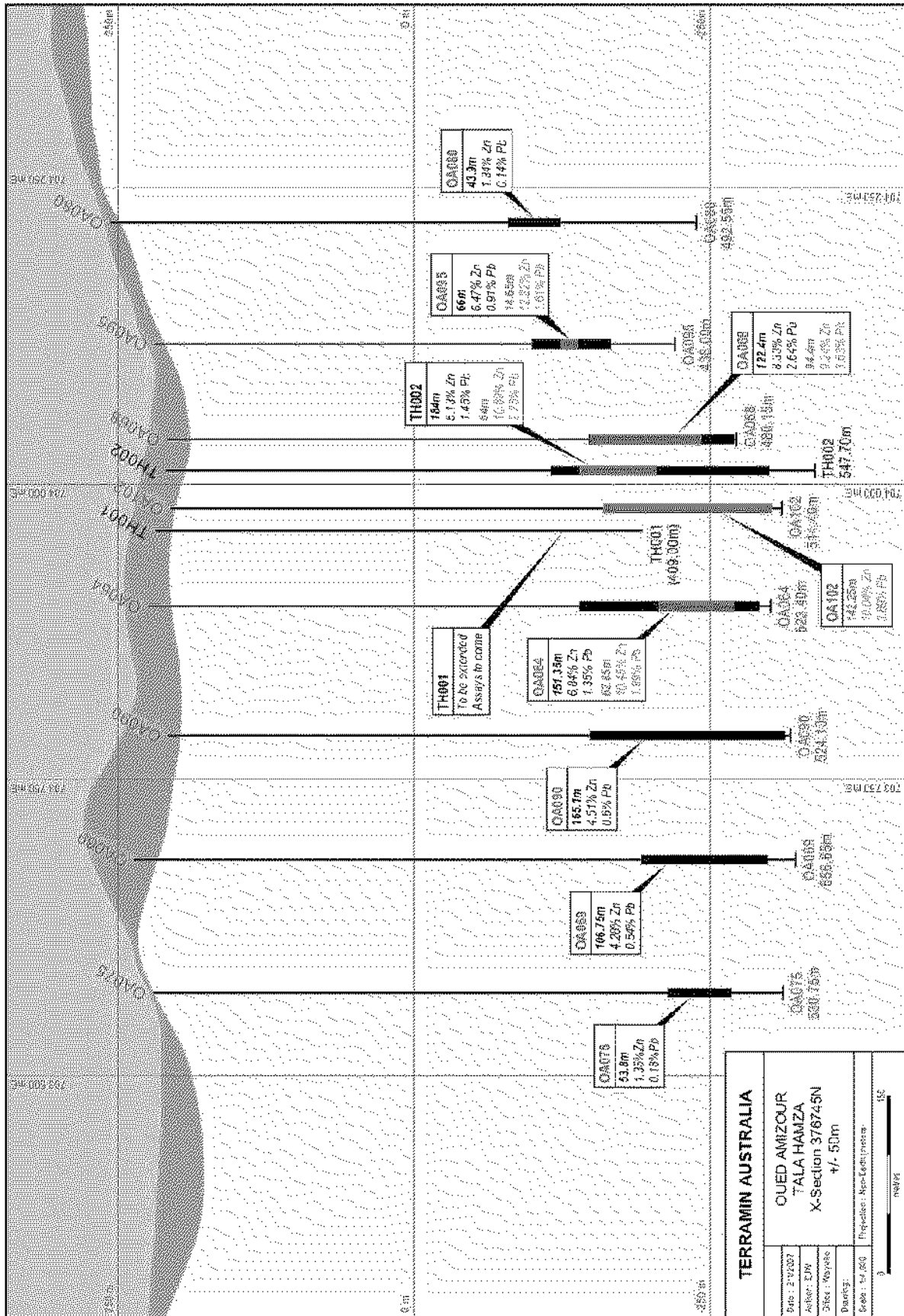
Tala Hamza deposit – drill hole location plan



Drill Holes TH001 and TH002 - EW section 376740N



Section 376740N showing Pb+Zn assay histograms



Tala Hamza deposit cross section 376745N



Tala Hamza infill exploration programme

ORGM drilled on an uneven grid pattern of approximately 100-120m. The infill drilling programme (about 25 holes) is designed on a 40-50m grid spacing. The first phase of six holes is in progress. The second and third phase are scheduled to commence in the current quarter.

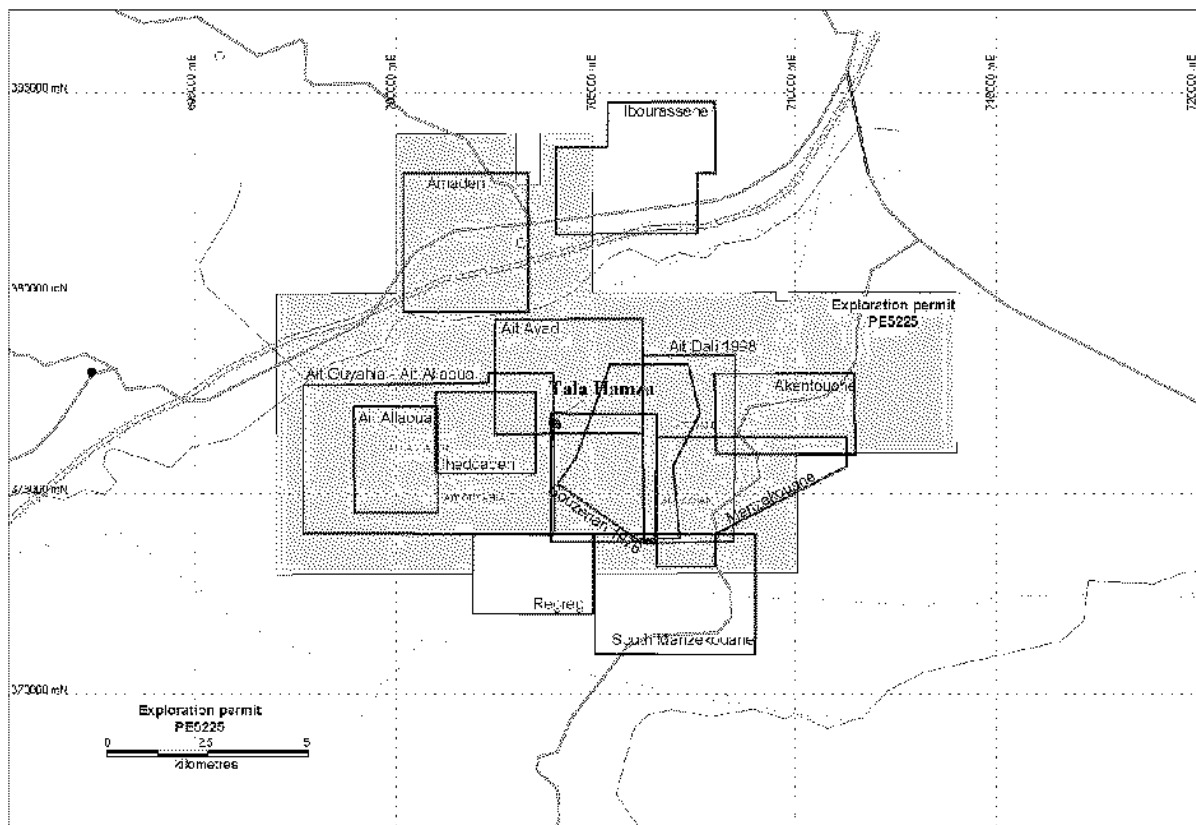
Exploration Permit 5225 PE – regional exploration

Work on the 125 square kilometre exploration permit surrounding the Tala Hamza deposit involved acquiring satellite imagery, and drill hole digitising and data entry for later compilation and evaluation.

Several prospects were investigated by ORGM whilst the main Oued Amizour (now Tala Hamza) deposit was under investigation. The work includes geological mapping, ground geophysics, costeaning and diamond drilling (over 100 holes have been drilled in the area). Results from this work include :

- 12 diamond drill holes have delineated mineralisation at **Bouzenan**, 5 kilometers SSE from Oued Amizour, on the same NNW - SSE structure: ORGM estimates were 662,000 tonnes at 2.5% Pb, 1.16% Zn or 338,000 tonnes at 4.5% Pb and 1.44% Zn.
- 6 holes have been drilled around **Ait Dali** to the east of Oued Amizour. They intersected alteration zones and mineralised horizons.
- About 9 holes have explored the area of **lheddadène** to the west of Oued Amizour and found pervasive hydrothermal alteration and mineralised horizons.

Planning of an exploration programme targeting potential for satellite deposits within a kilometre or two of Tala Hamza is underway and efforts have recently been directed to the potential for open pit resources within the entire permit area.



Location map showing regional exploration areas for future follow up by WMZ



Tala Hamza Project Studies

The quarter saw completion of a significant portion of the desktop mining study. Consulting companies Golder & Associates and WorleyParsons Komax sent teams to Algeria and Oued Amizour. The objective of the desktop is two-fold, firstly to provide an improved understanding of the project environment and secondly to contribute to an information pack that will be sent out with tender documents to consulting firms for the scoping and pre-feasibility studies.

WorleyParsons Komax brief was to collect baseline information in the areas of social and human health, existing and planned infrastructure, security and some environmental aspects. A special focus was the Bejaia port facility.

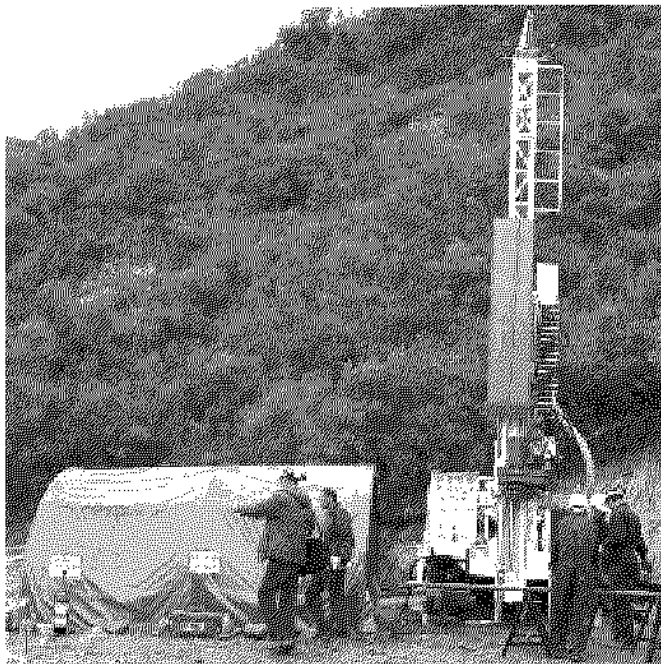
Golder and Associates have three briefs.

1. to ensure that the geological, mineralogical and geo-technical data is collected and audited to the level of detail and quality required for a bankable feasibility study.
2. to assist and oversee a verification process of the ORGM drilling and assay data and support modelling for estimation of JORC compliant resources and reserves.
3. to identify sources of information and technical support in the region, including understanding the hydrogeology, climate, seismicity, mining and environmental framework, water supply, manage Geographic Information Systems, and developing a scope of work to start the environmental base line study.

WMZ is progressively gearing up to perform most geotechnical tasks using its own geological staff with regular review and audit from Golder & Associates

Project study activities for the 1st Quarter 2007 include:

1. initial metallurgical and acid mine drainage test work;
2. evaluate whether the option of "declining & drilling from the decline" and/or using RAB drilling is better than current drill programme;
3. initiating some aspects of the environmental baseline study;
4. despatch of tender documents to consulting firms for the scoping and pre-feasibility study.

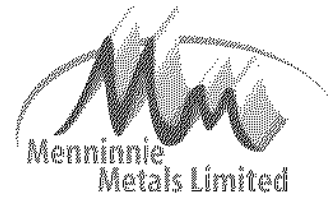


Spektra drill rig on location Tala Hamza (TH006 commenced 29 January 2007)



MENNINNIE METALS LIMITED

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

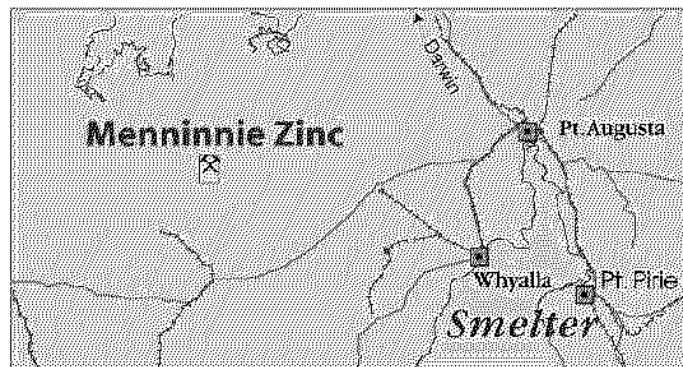


PROGRESS DURING THE QUARTER

Menninnie Zinc Project – EL 3640

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

The Menninnie Zinc Project, EL 3640, 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-silver deposit in South Australia.



During the quarter Zinifex earned a 49% interest in EL 3640 with their cumulative exploration funding reaching the \$5 million hurdle.

Induced Polarisation Survey

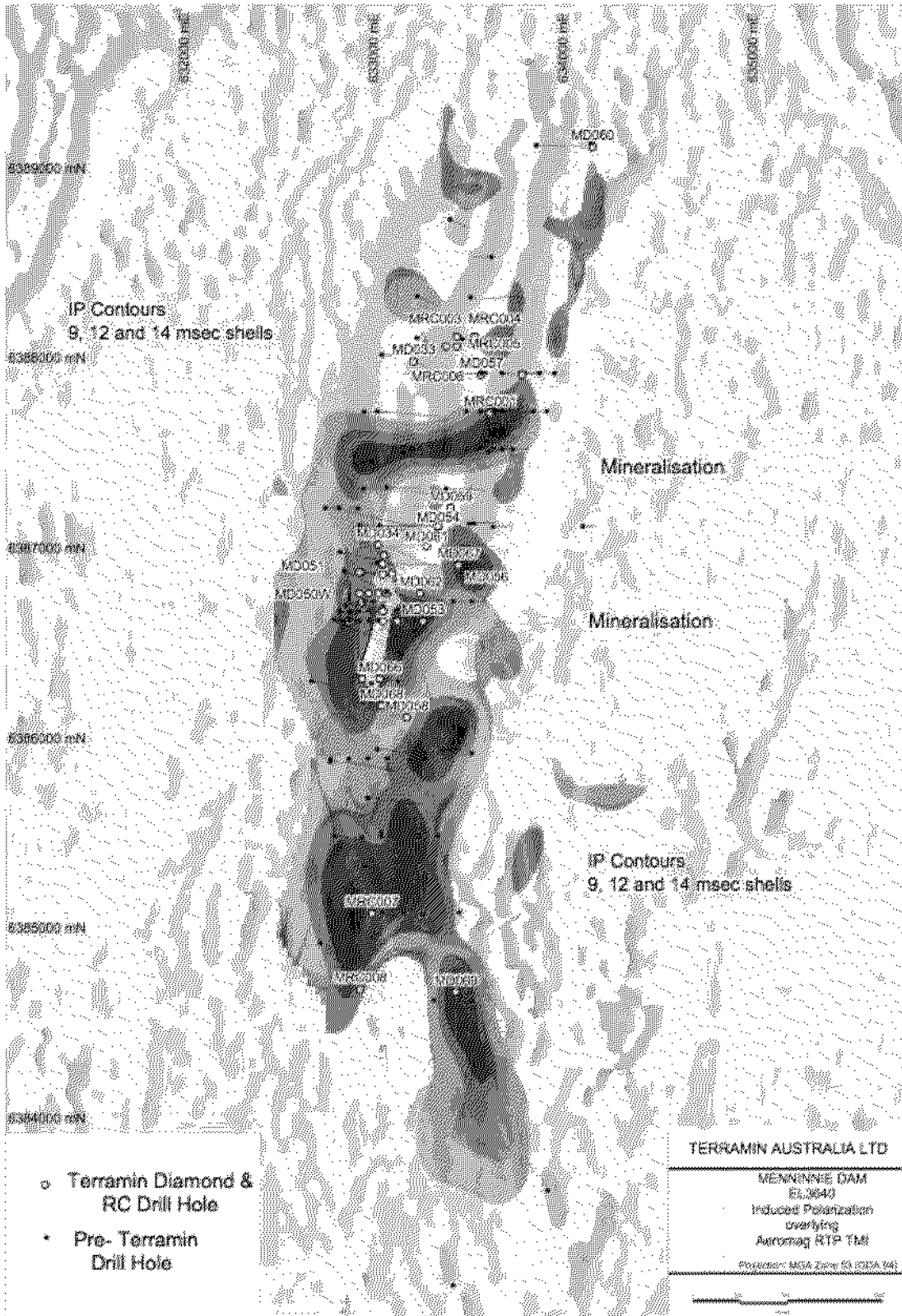
Search Exploration Services commenced a 30 line km IP program on 1st October. Encouraging preliminary interpretations led to an extension of the survey to the south. The survey totalled 50.5 line km and was completed on 29th October. Initial interpretations identified targets warranting immediate drill testing during the remaining 3 weeks of the 2006 drill campaign.

Drill Program

Drilling during this quarter initially focused on areas where previous exploration had outlined significant zinc-lead-silver mineralisation to the north and south of the Menninnie Central zone, and then on preliminary testing of new IP anomalies to the south. During the quarter diamond drillholes MD62 to MD69 and RC drillholes MRC001-MRC008 were completed totalling 981m RC exploration, 666m RC pre-collars, and 1962m diamond core.

The current phase of drilling ended on December 1st. Samples from all significant intercepts in all drillholes except the most recent diamond drillhole (MD69) have been submitted for assay.

MD69 is the first effective drillhole into an extensive IP target zone two kilometres south of Menninnie Central. It intersected several encouraging alteration envelopes, two of which contain significant galena and sphalerite. This IP anomaly and several other new anomalies in Menninnie South (see below) warrant further drill testing. Holes drill by previous explorers did not test the anomalies.



Drillhole location diagram highlighting most recent holes, Induced Polarisation (IP) anomalies on aeromagnetics background



DH ID	Prospect	Easting	Northing	Total Depth	Collar Dip	Collar Azimuth	Comments
MD62	MD North	633222	6386795	654.6	-70	270	Extensive encouraging alteration
MD63	MD Central	633102	6386648	429.5	-60	270	Diamond tail on RCP036 – defining southern extension of MD Central mineralisation.
MD64	MD South	633018	6386342	87	-68	270	Abandoned due to excessive pre-collar deviation
MD65	MD South	633014	6386342	246.2	-62	270	Pb-Zn mineralised
MD66	MD South	633010	6386345	249.1	-70	270	Pb-Zn mineralised
MD66D1	MD South	633010	6386345	369.9	-70	270	Deviation from original MD66 path after cementing zone of broken ground
MD67	MD Central East	633425	6386942	309.9	-66	90	New IP anomaly MD Central – low grade mineralization in breccias
MD68	MD South	6330190	6386202	228.9	-70	270	Projected MD65 mineralisation position offset by fault
MD69	MD South	633410	6384696	388.5	-90	0	IP anomaly. Pb-Zn mineralisation in carbonate-altered volcanics
MRC001	MD North	633590	6387745	109	-60	90	Testing shallow Pb-Zn anomalies
MRC002	MD North	633760	6387945	73	-60	270	Testing shallow Pb-Zn anomalies
MRC003	MD North	633415	6388145	84	-60	90	Testing shallow Pb-Zn anomalies
MRC004	MD North	633510	6388145	104	-60	270	Testing shallow Pb-Zn anomalies
MRC005	MD North	633415	6388095	85	-60	90	Testing shallow Pb-Zn anomalies
MRC006	MD North	633360	6388095	117	-60	90	Testing shallow Pb-Zn anomalies
MRC007	MD South	632969	6385110	204	-60	270	Testing IP anomaly. Visible galena 102-109m
MRC008	MD South	632905	6384708	205	-60	270	Weakly altered volcanics - IP anomaly not explained



Typical fine-grained Pb-Zn mineralisation from recent drilling at Menninnie South (MD66 @ ~150m HQ core)



Significant assays and mineralisation to date, including assays pending from holes drilled during the previous quarters, are:

DH ID	Prospect	Drilled	From	To	Interval	Au	Ag	Cu	Pb	Zn	Pb+Zn
			m	m	m	ppm	ppm	%	%	%	%
MD50W	MD Central	Q2-06	279	291	12	0.02	19.0	0.05	1.29	2.85	4.14
MD50W	MD Central	Q2-06	314	318.35	4.35	0.07	23.0	0.03	1.51	4.43	5.94
MD50W	MD Central	Q2-06	635.47	637.48	2.01	0.18	105.8	0.42	4.61	0.75	5.36
MD53	MD Central	Q3-06	Assays	in	Progress						
MD54	MD North	Q3-06	257	260.37	3.37	0.10	50.8	0.02	2.07	4.87	11.52
MD54	MD North	Q3-06	286.75	315	28.25	0.01	15.9	0.01	1.73	3.31	5.04
incl. MD54	MD North	Q3-06	286.75	303	16.5	0.01	25.4	0.02	2.74	5.27	8.01
incl. MD54	MD North	Q3-06	294.7	299.3	4.6	0.03	63.8	0.04	7.11	14.0	21.11
MD54	MD North	Q3-06	324.19	328.16	3.97	0.10	80.4	0.04	11.68	20.83	32.51
MD55	MD Central	Q3-06	Assays	in	Progress						
MD57	MD North	Q3-06	Assays	in	Progress						
MD58	MD South	Q3-06	Assays	in	Progress						
MD59	MD North	Q3-06	106.4	108	1.6	0.00	20.5	0.00	3.91	9.29	13.20
MD59	MD North	Q3-06	Assays	in	Progress						
MD60	A1 North	Q3-06	Assays	in	Progress						
MD61	MD Central North	Q3-06	Assays	in	Progress						
MD62	MD North	Q4-06	Logging	in	Progress						
MD63	MD Central	Q4-06	Assays	in	Progress						
MD65	MD South	Q4-06	Assays	in	Progress						
MD66	MD South	Q4-06	Assays	in	Progress						
MD67	MD Central	Q4-06	Assays	in	Progress						
MD68	MD South	Q4-06	Assays	in	Progress						
MD69	MD South	Q4-06	Logging	in	Progress						
MRC001	MD North	Q4-06	Assays	in	Progress						
MRC002	MD North	Q4-06	Assays	in	Progress						
MRC003	MD North	Q4-06	Assays	in	Progress						
MRC004	MD North	Q4-06	Assays	in	Progress						
MRC005	MD North	Q4-06	Assays	in	Progress						
MRC006	MD North	Q4-06	Assays	in	Progress						
MRC007	MD South	Q4-06	Assays	in	Progress						
MRC008	MD South	Q4-06	Assays	in	Progress						

Exploration next 3 months

Upon receipt of outstanding assays all drilling and geophysical data will be integrated into a Vulcan mineralisation model for resource evaluation and ongoing exploration programmes. RC and diamond drilling of new IP targets north and south of the Menninnie Central zone is planned to commence when the drilling rig becomes available again late in Q1-07.

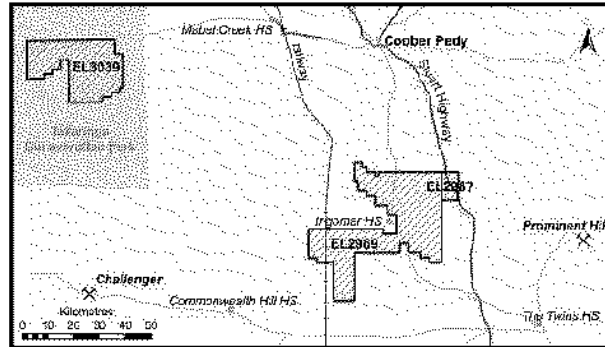


Ingomar – EL 2969
National Trig – EL 3039
Phar Lap – EL 2987

(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.



#####