



TERRAMIN AUSTRALIA LIMITED

ANGAS ZINC MINE

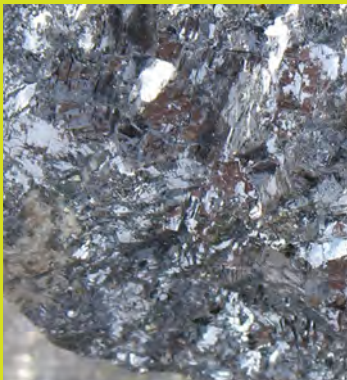
Community Newsletter

MAY 2011

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FOCUS ON ZINC



VITAL

DID YOU KNOW?

Zinc is vital for food production, health, pharmaceuticals, infrastructure, ... and life itself

GM's message

Welcome to the May edition of the community newsletter. I would like to welcome our new starters to site, supporting all areas of the business, from mining, process, maintenance and administration. I wish to thank all those people who have stepped up across the business whilst allowing our new people to settle in and also congratulate those who have been promoted to new and challenging roles. You can find further details in this edition.

Key focus this year is the continued health and safety improvements and optimisation of the production processes from the mine to the sales. In support of this we have now delivered supervisory training to over 50 staff. With this training, the key basics of safety, risk and hazard awareness and control, supported by environment and community compliance, communication and people management skills can be enhanced on the job. The management team is committed to support everyone on site through mentoring and behavioural observations, pushing forward with the continuous improvement in all areas.

Water treatment and removal from the tailings facility and backfilling with tailings have drawn a strong and concerted focus already. In both cases, a full review of equipment and processes has required redesign and improvement of equipment and the way it is operated to achieve the required results. Support has been gained from John Burgess, GM Tala Hamza Project and Andrei Mazerouanko, Project consultant to progress improvements required. Andrei's contract with us has been extended in recognition of the importance of the water issue to us all.

The site is gaining considerable support from Adelaide office in the areas of mining, exploration, processing and administration support.



Robert Howie – General Manager, Angas Zinc Mine

Project teams have been set up to focus on business improvement. At Angas, work continues on mine life extension. The recent drilling program at Sunter chute, 500m south of the current Garwood Stopping area (below the main car park) has provided very promising results towards extending mine life well beyond the end of 2014.

Final results for 2010 production realised zinc and lead production to be 44,847t and 16.972t respectively, up 14% on 2009. This was well supported with good production of copper, silver and gold.

Production levels for 2011 are budgeted at exceeding 400,000t mined and milled, resulting in 47,000t zinc and 18,500t lead concentrate production. The decline now extends to more than 8,300 metres and in the first quarter of this year, more than 91,000 tonnes of ore was processed, producing 9,566t zinc concentrate and 3,653t lead concentrate.

Kind Regards,

Robert Howie

General Manager, Angas Zinc Mine

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Supporting Angas Zinc Mine

Andrei Mazourenko – Engineering Consultant
David Brewer – Maintenance superintendent
Kate Hudson – Personal Assistant
John Samytowski – Supervisor Special Projects
Darren Cunningham – Finance Accountant

Andrei Mazourenko is an Engineering Consultant working in the all-important water area. Andrei describes his role as having three main components: to improve the existing water management systems; to look holistically at all water systems and improve all water treatment processes; and to review and improve the processes for silt management. A further component of his role is to liaise with the regulators and Terramin on water management compliance issues.

David Brewer, maintenance superintendent, joined the management team in April. David had previously been involved onsite in the maintenance improvement project and other project work. David has a strong background in local and international roles in equipment maintenance both from an owner and contractor aspect.

Kate Hudson, Kate has recently been promoted to the role of PA to the management team. In her new role, Kate will take over from Karen Fox, who will take maternity leave from June. Kate will continue to coordinate administration needs across the site.

John "Towie" Samytowski has recently moved from the processing plant to take responsibility for the interface between the mining operation and getting the paste and backfill plant operational.

John says his role is to ensure the procedures are rigid and that there's a smooth transition to the backfill of the stopes.

Darren Cunningham has transferred from the Adelaide office and provides detailed finance support for all site teams and the supply department, enabling performance and costs to be reported and analysed.

Community support

Angas Mine continues its support for the community in a number of key areas.

Chocolate money: Every chocolate purchased from the mine administration office helps support local businesses. In 2010, over \$600 went to **CLASS**.

Tour Down Under: The annual Tour Down Under used Strathalbyn as the major finishing point for the world class cycling event.

Strathalbyn Soccer Club:

Strathalbyn Football Club: Terramin has been a major supporter of the club for several years and continues to provide strong support for the club. After the club's success in winning the grand final in 2010, Terramin has been asked and accepted once again to remain as major sponsor for the club during 2011.

Teddy bear drive: Through the initiative and support of mine employee, Michael Woodcock, over 100 teddy bears were purchased to provide support to those who have lost a baby through miscarriage, stillbirth, or neonatal death.

Quarterly Report to the SCCC

The most recent meeting of the SCCC was held on Thursday 19th May.

In the Quarterly Environmental Report, Anya Hart reported that extensive noise monitoring was undertaken during the quarter, with the next scheduled round to be held at the end of June. The western monitor showed full compliance and the eastern showed some peaks corresponding with high winds.

Predicted noise levels at all residential locations are well below criteria as defined in the Noise EPP.

Extensive investigations and follow-up actions include:

- Additional bunding installed adjacent to mine entrance
- Noise model updated & reviewed
- Feedback provided to neighbouring residents.

All TSP and lead results for the reporting period were within MARP criteria and EPA reporting limits. Dust control measures will continue.

All lead deposition results were also within the proposed MARP criteria, although 7 results were above the EPA early warning reporting limits. These limits remain well below levels for any concern and can also be related to regional activity.

All dust management initiatives are being maintained.

In conjunction with the EPA, Terramin will:

- Investigate other potential means of dust characterisation (Terramin/EPA)
- Make contact with other operations (Terramin)
- Look at level of reporting limit re: appropriateness & achievability (EPA)

In other SCCC news, the original Mining and Rehabilitation Program (MARP) is to be reviewed in the coming months by a group which will include PIRSA, Terramin and the SCCC. The review is a PIRSA requirement to ensure the document is relevant to mining conditions and contains targets which are clear and measurable.

A sub-group of the SCCC is also being formed to review aspects of the Mine Closure arrangements.

The next meeting of the SCCC will be held on Thursday 18 August, 7.00pm, in the Senior Citizens Hall, 6 Parker Street, Strathalbyn. All visitors are welcome.

Company round-up

There have been some significant announcements relating to the Angas mine since the previous newsletter.

Drilling on the recently discovered Sunter shoot at Angas has been very encouraging, with results received from a total of 19 holes, comprising all drill holes in the recent programme. The most recent results, released on 18 April, confirm the previous interpretation of zones of high grade mineralisation within a broader low grade envelope.

Terramin's Executive Chairman, Dr Kevin Moriarty has commented, "the current drill program is giving us confidence that we can meet our aim

of extending the Angas mine life through new resources at Sunter and the identification of additional shoots."

Earlier this month the company announced the sale of 325,000 ounces of silver and 4,750 ounces of gold from Angas, comprising 50% of forecast production for two years.

Precious metals from the Angas mine contribute over 20% of net revenue at prevailing commodity prices. This has increased in recent months as silver prices have risen markedly, and the price fix locks in these high prices for the next two years.

The company has also announced it has received the first A\$6.2 million tranche of funding under the terms of the A\$50 million subscription agreement between China Non-Ferrous Metals Industry's Foreign Engineering & Construction Co., Ltd (NFC).

The funds will be utilised to continue an aggressive exploration program at both the Angas zinc mine and the Menninnie zinc project.

A recent visit to Algeria by Dr Moriarty confirmed the project review to be continuing although at a slower pace than anticipated.

Water management update

Compliance to the MARP requires achievement of in excess of 160 elements to ensure the environmental, and community interactions are met in an agreed manner.

These include dust, noise, vibration, rehabilitation, and water management.

During early 2011, a review of available data on the large RO plant revealed operations and interaction issues. These were quickly brought to the contractor's attention and actions to rectify the issues put in place in a number of shutdowns. Performance of the contractor has been discussed at the highest levels of both companies with full agreement to solve the issue quickly.

A specialist project engineer, Andrei Mazourenko was taken on by Terramin to focus 100% on all water issues relating to the site. Andrei has a strong background in water plants and has quickly worked to action and manage the contractor to provide the actions required. A full review of the facility is being performed to confirm all areas. Issues relating to electrical, and control philosophy, pipework and pumping capacity are under review as is process engineering relating to

chemical dosing and treatments. This is key to the final RO treatment of the water. A new floating pump was provided during the period to improve delivery of water from the dam.

Tests are also being performed by an alternative water treatment supplier to confirm additional

treatment methods and proposed upsizing treatment. Forecasts and possible solutions will be confirmed in the coming months. Confirmation has been received from the Alexandrina council that increased flows can be accommodated and suitable alternate strategies are in place to support extra disposal.



Improvements in the RO water treatment process continue to progress

Four new members of the SCCC

Four new members have joined the Strathalbyn Community Consultative Committee (SCCC).

Karen Hawke has a strong background in accounting and finance, and is looking forward to contributing to the SCC's success in ensuring the Angas Zinc Mine retains a prosperous and healthy environment for all its stakeholders.

Rhonda McCarthy is involved in a very wide range of community activities in and around Strathalbyn and has won awards for volunteering in organisations as diverse as Meals on Wheels, swimming, the Royal Lifesaving Society, and Strathalbyn Night Netball.

Malcolm Twartz is also involved in many community groups and would be well known for running Strath Hardware until 2003. He has been involved with many sporting groups and was the inaugural President of the Strathalbyn District Commerce Association.

Mark Dale is an agricultural scientist with a long involvement in salinity mitigation. He is therefore familiar with man-made impacts on aquifers and mobilization of saline groundwater. He and his wife are members of the Kanmantoo-Callington Landcare group and Trees for Life.

Terramin Board hosts site visit

The Board of Terramin Australia Limited, led by Executive Chairman Dr Kevin Moriarty, has paid a visit to the Angas site.

The Board was joined by several local distinguished guests including Adrian Pederick (Member for Hammond), Jamie Briggs (Federal Member for Mayo), Kym McHugh and Anne Woolford (Mayor and Deputy Mayor Alexandrina Council), John Coombe (CEO Alexandrina Council), Charles Irwin (SCCC Chair).

A tour of the underground mine as well as the surface operations was offered preceding the official Board meeting. Many of the attendees made their first visit underground at a working mine and there was broad agreement that the operation is well run and managed.

Members of the Angas Zinc management team joined the group for an informal lunch where Kevin Moriarty made a short address outlining the successes of the Angas operation and the future direction of the company.



Above: Dr Kevin Moriarty, Jamie Briggs, Kym McHugh, Adrian Pederick and Charles Irwin.



New SCCC members visiting the mine site, from left to right: Malcolm Twartz; Karen Hawke; Rhonda McCarthy; Fred Carrangis & Mark Dale.

Did you know?

All employees and regular contractors working on the Angas site have their blood lead levels tested every six months. All of them report very low levels, and some who have joined the team after working in similar jobs elsewhere now have a lower lead level than when they started. The SCCC has been told that all results are at magnitudes below the level of concern.

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