



## **ASX Shareholder Report**

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

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### **First Tala Hamza processing points to premium zinc product for Terramin**

Terramin Australia Limited (TZN) today announced that the first metallurgical testing of the Tala Hamza zinc deposit indicates the zinc project has the potential to generate good recoveries of premium grade concentrate.

Executive Chairman, Dr Kevin Moriarty, said the company was “very encouraged” by the results of the first metallurgical testwork completed this week by the Optimet Laboratories in Adelaide.

“The results from the testing of ore from the TH002 drillhole at Tala Hamza exceeded expectations, particularly in the quality and recovery of the concentrates,” Dr Moriarty said.

“Good recoveries were achieved and the concentrate is high in zinc and low in iron and silica,” he said.

“Importantly, the zinc testwork was performed using a medium ore grind and a fairly standard reagent suite for flotation. This is encouraging with respect to operating costs and, of course, the premium nature of the concentrates.”

Drill hole TH002 intersected 184 metres of mineralisation grading 6.58 % zinc + lead, including 64.0 metres assaying 10.69% zinc and 2.25% lead.

Terramin is continuing its drilling programme on the Tala Hamza deposit which is part of the company’s Oued Amizour project on the Mediterranean coast of Algeria.

The assays for drillholes TH003 and TH004 have also been announced. TH004 is the first of two holes drilled by Terramin to duplicate drilling conducted in the 1990’s by the Algerian Government’s exploration arm, ORGM.

Core from drillhole TH006, the second of the duplicated holes, is in Adelaide being prepared for assay following which all previous results – from Terramin and ORGM drilling – will be assessed for inclusion in a JORC standard resource estimate scheduled for May.

Drilling is continuing at the site, with the ninth hole just started. The rigs have moved to a 12 hour shift and will shortly commence 24 hour drilling.

Dr Moriarty said Terramin’s cash flow model (*see page 3*) for Tala Hamza at current metal prices indicated annual revenue of between US\$265 million and US\$508 million at mining and treatment rates of 1.2 million tonnes and 3 million tonnes of ore per year, respectively.

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A 1.2 million tonne operation would produce 178,000 tonnes of zinc concentrate (at a grade of 55%) and 45,000 tonnes of lead-silver concentrate (at a grade of 65%).

“Terramin’s cash flow modelling updates an earlier model that was based on conservative metallurgical assumptions and this latest analysis reflects the results achieved from our recent testwork and assaying,” Dr Moriarty said.

“These figures are based on current metal prices and assume that the project has positive feasibility and progresses to production. The actual outcome depends on many factors that cannot be predicted with certainty, so these are a guide to the potential outcome only if current conditions continue to apply. However, the model indicates the project would produce substantial cash flows at considerably lower metal prices,” he said.

### Summary Tala Hamza TH002 metallurgical results

Assayed composite head grade:	8.78% Zn; 2.68% Pb
Liberation grind size	53 microns
zinc recovery (circa)	85%
zinc in concentrate	55%
Iron in zinc concentrate (circa)	4%

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*Terramin CEO, Dr Kevin Moriarty on site at Tala Hamza discussing mineralised drill core with WMZ general manager, Dr Belkacem Touahri who managed the team that discovered the deposit in 1991*

**Background:** 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).

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## Tala Hamza cash flow model

<b>Ore mined &amp; treated</b>	<b>tonnes</b>	<b>1,200,000</b>	<b>3,000,000</b>
<b>Ore grade</b>		<b>Head Grade</b>	<b>Head Grade</b>
- Zinc		9.5%	7.7%
- Lead		3.2%	2.3%
<b>Recovery</b>			
- Zinc in zinc concentrate		86%	83%
- Lead in lead concentrate		76%	75%
<b>Zinc concentrate produced</b>		<b>178,142</b>	<b>346,860</b>
Concentrate grade	%Zn	55%	55%
<b>Lead/Silver concentrate produced</b>		<b>44,842</b>	<b>78,092</b>
Concentrate grade	% Pb	65%	65%
<b><u>Smelter Returns - zinc concentrates</u></b>			
Zinc price US\$/t		\$3,700	\$3,700
Payable %		85%	85%
Treatment charge	(US\$)	110	110
Minimum deduction		8%	8%
Price participation basis	\$1,000	0.14	0.14
<b>NSR / Tonne of zinc concentrate</b>	(US\$/t)	<b>1,242</b>	<b>1,242</b>
<b><u>Smelter Returns - lead concentrates</u></b>			
Lead price US\$/t		\$2,015	\$2,015
Payable %		95%	95%
Treatment charge	(US\$/t)	130	130
Minimum deduction		3%	3%
Price participation basis	\$850	0.10	0.10
<b>NSR / Tonne of lead concentrate</b>	(US\$/t)	<b>998</b>	<b>998</b>
<b>REVENUE per year</b>	<b>US\$/t</b>	<b>265,949,787</b>	<b>508,630,981</b>

### 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.

*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.*