



ASX Shareholder Report

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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.

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TERRAMIN HAS 55M TONNE JORC RESOURCE IN ALGERIAN PROJECT

Terramin today announced a maiden JORC compliant resource estimate of 55 million tonnes for its Algerian zinc-lead deposit – almost double earlier estimates.

The new resource in the Tala Hamza deposit is 55 million tonnes at 5.0% zinc and 1.2% lead using a cut-off of 2.5% zinc, 83% higher than the original (non JORC) estimate of 30 million tonnes.

Terramin's Executive Chairman, Dr Kevin Moriarty, said the resource estimate, prepared by Golder Associates, was an Inferred Mineral Resource because it was largely based on earlier drill results from the Algerian Government's exploration arm, ORGM.

"Golder Associates made its estimate on the basis of assay results from 30 diamond core drill holes completed by ORGM and four diamond core holes drilled by Terramin," Dr Moriarty said.

"When Terramin completes this stage of its drill programme in September, we expect to be able to estimate an Indicated Resource for the Tala Hamza deposit" he said.

"Terramin's recent assay results show that the previous work by ORGM underestimated the lead content. Our recently reported intercepts showing up to 90% improvement in grade means we expect that the grade of both zinc and lead in this first JORC resource will increase as our programme advances."

"Many of the older holes did not reach the base of the mineralisation and so the full depth extent is not known. The deposit is also open to the south, where recent announcements reported additions of more than 30 metres of the high grade (> 12% Pb+Zn) mineralisation beneath the previous drilling."

Dr Moriarty said Terramin's engineers and geologists were excited by the prospect of a major mining project.

"There is potential for a substantial increase in the size of this deposit as we move south and west towards outlying holes that intersected good mineralisation. These drill holes are hundreds of metres beyond the current boundary of the deposit" he said.

"The grade is highest in the southern part of the resource so drilling will focus on this area since it could deliver the best start for the mine."

Using a 5.0% zinc cut-off to define the size of the high grade resource, Terramin has estimated 20 million tonnes at 7.2% zinc and 2.0% lead within the global resource, but expects this will increase as new holes are available for estimation.

Terramin holds 65% of the Oued Amizour project through WMZ SpA.

(full 3 page resource statement by Golder Associates follows)

Resource Statement by Golder Associates

Golder Associates Pty Ltd (Golder Associates) has estimated the Zn + Pb resource for the Tala Hamza deposit based on the assay results from 30 diamond core drill holes completed by the Office National de Recherche Geologique et Miniere (ORGM) and 4 diamond core drill holes completed by Terramin's subsidiary Western Mediterranean Zinc (WMZ). One additional diamond core drill hole completed by ORGM, for which assay data was not available, was also considered for geological modeling. An additional 117 holes were drilled by ORGM within the Oued Amizour Project area (of which only one is within the Tala Hamza mineralised zone), but assay or lithology data for these holes is yet to be located.

The Mineral Resource estimated by Golder Associates at a 2.5% Zn cut-off grade for a bulk underground mining scenario is:

Inferred Mineral Resource: 55 Mt @ 5.0% Zn and 1.2% Pb.

Key features of the resource estimate are:

- Where possible, ORGM drill hole collars have been re-surveyed during the WMZ drilling program.
- All ORGM drill holes used for resource estimation except OA074 were drilled vertically. Down-hole surveying of ORGM drill holes was not carried out. Recent drilling by WMZ suggest that down-hole deviations are likely to be small at Tala Hamza, however, due to the depth of drilling (often in excess of 500 m) the resource estimate may be affected locally by drill hole deviation.
- Core recovery in the mineralised zone was highly variable in ORGM holes and generally good to excellent in WMZ holes.
- The ORGM drill core was sampled predominantly over 1 m intervals by chiselling the core in half. The core samples were analysed for Zn and Pb at the ORGM laboratory in Algeria using a four acid digest and atomic absorption spectrophotometry (AAS). There were no independent quality control procedures, such as the use of external check analyses, standard reference samples or blank samples. ORGM assay data was sourced from paper logs.
- For the WMZ drilling program, a rigorous QAQC program was carried out involving field duplicates, blanks and several certified reference materials covering a representative range of Zn and Pb grade values. The QAQC results indicated that the Zn and Pb assays for the WMZ drilling program were satisfactory for resource estimation purposes.
- The results of two ORGM-WMZ twin holes suggest that the ORGM drill holes may have significant local bias in areas of intense clay alteration due to core loss. For the OA068-TH004 twin, the ORGM drill hole OA068 significantly under-reports the Zn grades in the mineralised zone relative to the WMZ drill hole TH004. For the OA100-TH006 twin, the ORGM drill hole OA100 significantly under-reports the Pb grades in the mineralised zone relative to the WMZ drill hole TH006.
- The limited WMZ twin drilling is not sufficient to infer statistically that a systematic bias is present in the ORGM drill hole sampling and assaying. However, it is reasonable to infer that the risk of over-estimation in the ORGM data is acceptably low for an Inferred Mineral Resource. The ORGM drill hole data is lower confidence information relative to the WMZ drill hole data.
- All ORGM holes with assay data were used for block grade estimation except OA068 and OA100, which were excluded due to the greater confidence in the twin WMZ drill holes. The inclusion of the remaining ORGM drill holes is supported by the following key observations:

1. the WMZ twin drill holes TH004 and TH006 intersected Zn + Pb mineralisation over intervals and at a tenor at least as good as the ORGM drill holes OA068 and OA100; and
 2. mineralised intercepts in WMZ drill holes TH002 and TH003 intersected Zn + Pb mineralisation over intervals suggested by nearby ORGM drill holes.
- A wireframed model of the mineralised zone was constructed using a nominal 1% Zn cut-off grade. However, to maintain consistency of interpretation, some intervals <1% Zn were included within this wireframe.
 - The wireframe included a maximum of 50 m horizontal extrapolation from a polygon joining the drill holes at the margins of the mineralised zone. This extrapolated zone contains approximately 10% of the Mineral Resource tonnage.
 - The mineralisation has no surface expression.
 - Drill hole data was composited to 5 m. Intervals of complete core loss were ignored during compositing. Therefore, the average grade of the recovered core was assigned to the 5 m composite interval.
 - No Zn or Pb outlier values were observed, thus, high-grade cuts were not employed.
 - Some ORGM drill holes were selectively assayed for Zn and Pb in the mineralised zone. To avoid bias due to this selective sampling, down-hole intervals where core was recovered, but assay values were not present were assumed to be 0% Zn and 0% Pb.
 - A computer block model was constructed by filling the wireframe with 20 m by 20 m by 10 m blocks and 5 m by 5 m by 2 m sub-blocks.
 - Grades of Zn and Pb were estimated into the parent blocks by ordinary kriging using a 250 m by 250 m by 50 m search radius. A minimum of 7 and a maximum of 12 composites were used to estimate each block. A maximum of 3 composites were selected from any one drill hole. Therefore, at least 3 drill holes were used to estimate block grade values.
 - Unfolding methods were employed during variographic analysis and block grade estimation to improve the correlation between high-grade zones in adjacent drill holes.
 - To reduce excessive smoothing related to the wide drill hole spacing, the global block Zn and Pb grade distributions were adjusted with an affine correction to more closely reflect the grade-tonnage relationships at the block size, predicted from the declustered composites using the Discrete Gaussian change of support method.
 - Drilling within the mineralised zone was not on a regular pattern. Apart from the twin drill holes, drill hole spacings vary from 50 m to 250 m.
 - A dry bulk density of 2.5 t/m³, representing the global average of 167 dry bulk density measurements from within the mineralised zone, was assumed for each block in the model. Due to the water-reactive nature of the core where kaolin was present, dry bulk density values were determined on a core tray by core tray basis after drying in the sun. The minimum and maximum recorded dry bulk density measurements were 1.9 t/m³ and 3.3 t/m³ respectively.
 - WMZ advises that the 2.5% Zn cut-off grade is based on current spot prices of Zn and Pb, that power, fuel, and labour costs in Algeria are less than Australia, and that metallurgical testwork on Tala Hamza drill core has indicated that a saleable concentrate is likely to be achieved.

This Mineral Resource estimate is based upon and accurately reflects data compiled by Mr Ian Lipton, Principal Geologist, who is a Fellow of the Australasian Institute of Mining and Metallurgy and a full time employee of Golder Associates Pty Ltd. Mr Lipton has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Lipton consents to the inclusion of this Mineral Resource statement in the form and context in which it appears in this report.
