



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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Tala Hamza capital requirements and financing update

The pre-feasibility study for Terramin's Algerian zinc project is almost complete and capital costs for a Tala Hamza mine have been reduced by at least 20% through savings on infrastructure costs due to its favourable location close to port, town, water and power supplies.

At this stage the study shows capital of less than US\$290 million, compared with \$356 million in the scoping study. Terramin has a 65% interest in the project and will arrange the financing facility for the holding company.

The pre-feasibility study has benefitted from detailed quotes by engineering companies with experience in the region and incorporates a substantial contingency.

Financing will not be required until 2010, however Terramin has been supporting due diligence by potential facility providers who have contacted the Company to express interest. These include large China and East Asia zinc producers interested in offtake in return for funding. Four funds whose mandate includes or specifies a North Africa focus are also advancing their involvement with the project and Terramin, stating that they have been able to invest only a small portion of available funding in the region.

Terramin is negotiating funding with Asian and Middle East based parties and has been contacted by Algerian and foreign banks wanting to invest in the project because it is one of only a few that remain viable in current conditions.

Terramin's executive Chairman, Dr Kevin Moriarty, said that Terramin and its Algerian partners expect no difficulty in financing the project. "Our banks and fund managers have told us that good projects can be funded," said Dr Moriarty, "more than \$1 billion in investment funds is available for projects in the region. We expect to be announcing ongoing funding in the near future.

He cautioned that, "Shareholders should not be overly influenced by the views of analysts focused on the big financial centres. An institutional broker with Middle East and North African representation is soon to commence coverage of Terramin, and that should provide a more reliable view of regional financial backing for the project. Growth will resume and Terramin is well positioned with low cost projects that are attracting support from investors looking to the recovery."