



## 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 Studies Nearing Completion

Terramin Australia (ASX Code: TZN) wishes to advise shareholders and the equity market of the significant progress that the Company has made with its Definitive Feasibility Study (DFS) on the large Tala Hamza zinc project in Algeria owned by Western Mediterranean Zinc Spa (WMZ). Terramin is the operator of the project and has a 65% interest in WMZ. The remaining 35% is held by two Algerian state owned companies: Enterprise National des Produits Miniers Non-Ferreux et des Substances Utiles Spa (ENOF) (32.5%) and Office National de Recherché Géologique et Minière (ORGM) (2.5%).

Terramin's CEO, Greg Cochran said "I am pleased with the significant level of progress on the DFS and the level of collaboration on the project in recent months which ultimately means we are drawing closer to the development of what will be Algeria's largest and most modern mine".

Terramin has already completed a number of significant steps in the process of compiling the DFS, which is scheduled for completion in the third quarter this year, as follows:

- All onsite activities have been completed and design work on the surface facilities and road access is well advanced with draft drawings issued;
- Mine planning, draw point spacing design, the material handling report, ventilation study and block cave design and scheduling are all nearing completion;
- The design of the tailings storage facility (TSF) has been optimised following a comprehensive drilling program and hydro-geological evaluation of the interfluves surrounding the TSF;
- The hydro-geological and geotechnical drilling program for the access ramps has been completed;
- A seismic study has evaluated all the major faults in the Bejaia region of Algeria;

- A cadastral study to confirm property boundaries and identify all local landowners that will be impacted by the project has commenced under a local surveyor;
- Additional metallurgical test work has been carried out to ensure that the metallurgical characteristics of the orebody are consistent across the entire deposit;
- Positive discussions in regard to project finance have continued with a number of institutions, including a state-owned Algerian bank that is awaiting the conclusion of the DFS and our partner's review to advance its assessment of the project;
- Our Algerian partners in the project have commenced their project review process and will shortly be appointing an independent consultant to assist them in their own assessment of the DFS. The WMZ Board will meet to approve the submission of the Mining Lease Application once this review has been completed.

Terramin and its partners, as well as WMZ are working co-operatively with the Algerian government on the project given that Tala Hamza will be the first major modern mine to be developed in Algeria. Terramin has welcomed the involvement and contribution of the project's various stakeholders and envisages that the DFS will be completed in the third quarter as reported in the Company's First Quarter report in 2010.

### **About Tala Hamza Project**

The 69 million tonne Tala Hamza Resource (Measured, Indicated and Inferred) is contained within the larger Oued Amizour Project (Exploration Permit 5225PE) located in northern Algeria near the port city of Bejaia. Terramin and WMZ are in the final stages of completing a DFS for the development of a large new underground zinc mine that will have the capacity for annual production in the range of 250,000 tonnes to 400,000 tonnes of concentrate (combined zinc and lead) depending upon the final mining rate in the range of 2Mtpa to 4Mtpa.

*The information in this report that relates to Mineral Resources is based on information compiled by Mr. Robert Singer a Member of The Australasian Institute of Mining and Metallurgy. Mr Singer is Chief Geologist and a full time employee of Terramin Australia Limited. Mr Robert Singer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources or Ore Reserves'. Mr. Singer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*