



## 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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## Lower costs for Tala Hamza

### HIGHLIGHTS

- **Study reveals US\$15 million cost saving potential with new location for 2 mtpa expansion design**
- **Location delivers superior environmental and operational benefits including ease of expansion**
- **Finance opportunities progressing with government-owned Algerian banks**

Terramin Australia (ASX:TZN) today announced the results of a Comparative Location Study (CLS) that reveals significant capital cost, operating cost and environmental benefits for its proposed 2 million tonne per annum plant for the Tala Hamza Zinc Mine in Algeria. The revised location makes it easier to expand future production capacity to 4 million tonnes per annum.

The original Pre Feasibility Study (PFS) design and capital estimates were based on building the process plant and site infrastructure close to the deposit, whilst connecting to a Tailings Storage Facility (TSF) via a 4.5 km long pipeline.

The CLS concluded that the process plant would be better sited close to the TSF at Oumlil, and identified significant savings and environmental benefits by removing the need to construct a remote cross terrain pipeline.

Capital expenditure to build the project would be lower for tailings disposal, land acquisition and power line construction, and US\$15 million less for an expansion when compared with the PFS site.

The choice of an Oumlil site will also mean lower operating costs for logistics, security and, power and maintenance for the pumping of tailings.

There are considerable environmental benefits from the new site; overhead electricity lines will be shorter because the site is closer to the power infrastructure; potential noise impacts from the plant will also be reduced and transport vehicles will be less intrusive on communities as the site is 2 km closer to the port at Bejaia.

Terramin Executive Chairman Dr Kevin Moriarty said the Tala Hamza feasibility study was progressing well.

"Hydrogeological drilling has shown that the structures in the deposit are not likely to be transmitting water, which is a positive for the development of the ore body. Geotechnical drilling is underway to extend information on the competence of the footwall for development and for an underground crushing chamber. Limited previous drilling was encouraging, indicating that the footwall was markedly different and more competent than the zinc deposit above it," Dr Moriarty said.

Terramin is working with its 35% joint venture partners in Algeria to incorporate the new site into the engineering plans and expects to complete the feasibility studies in the first quarter of 2010.

Dr Moriarty said that a large government-owned Algerian bank has initiated discussions with the joint venture company with a view to financing the project, and offered to provide a letter of intent. Several foreign banks had also indicated strong interest.

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“The WMZ joint venture has made good progress so we are in a very favourable position for early project development,” he said. “The WMZ President will hold discussions with smelters and traders interested in zinc and lead concentrates from the project during the ILZSG conference in Lisbon in October.”

## **About Oued Amizour Zinc Project – Algeria**

*The Oued Amizour zinc project is situated on the Mediterranean coast of Algeria and contains several lead-zinc prospects with the possibility of more discoveries. Based 15 km from the deep water port of Bejaia the location has infrastructure advantages - roads, power, water, and labour force and is well positioned to supply lead and zinc concentrate feedstock to European smelters.*

*The project is 100% owned by Western Mediterranean Zinc Spa (WMZ) a joint venture between Terramin (65%) and two Algerian government-owned companies (35%).*

*The world class Tala Hamza deposit contains a global Indicated and Inferred Resource of 58.6 million tonnes at 6.5% Pb+Zn within which is an Indicated Resource of 24.8 million tonnes at 8.3% Pb+Zn. It is open to the east and south.*

*A first stage 2 million tonne per annum mine producing 209,000 tonnes per annum of zinc concentrate and 43,000 tonnes per annum of lead concentrate has been the subject of a pre-feasibility study. The study identified an initial Probable Reserve of 24.1 Million tonnes at 7.6% Pb+Zn for the first stage of the Project. Many elements were conducted at a robust feasibility standard ( $\pm 15\%$ ) and the study concluded that the project was viable even at low metal prices. Feasibility studies are underway and include assessment of a larger 4-5 Mtpa operation.*



The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Robert Singer. The information that relates to Tala Hamza Ore Reserves is based on information compiled by Dr Yi Huang. Both are Members of The Australasian Institute of Mining and Metallurgy. Mr Singer is Chief Geologist of Terramin Australia Limited and is a full time employee. Dr Huang is a full time employee of Golder Associates Pty Ltd. Both have 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 and Dr Huang consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.