



7 Mar 2022

Tala Hamza Zinc Project – Development approved by Algerian Partners

HIGHLIGHTS

- Algerian joint venture partners have formally endorsed the Tala Hamza Zinc Project and agreed to proceed with the development of the project ('Decision to Mine').
- The 'Decision to Mine' clears the path for the issue of the mining permit by the Algerian mining regulator.
- Terramin has agreed to transfer 16% of its interest in the joint venture to its Algerian joint venture partners.
- Zinc prices at circa US\$4,000 per tonne are significantly higher than forecast in the Definitive Feasibility Study.

FINAL REGULATORY APPROVAL

Terramin Australia Limited (ASX: TZN) (Terramin) is pleased to announce that final regulatory approval of the Tala Hamza Zinc Project (Tala Hamza) can now proceed following the formal endorsement of Tala Hamza by Terramin's Algerian joint venture partners.

In 2020, Terramin completed an optimisation study in respect of Tala Hamza and presented this study to our Algerian joint venture partners, Enterprise Nationale des Produits Miniers Non-Ferreux et des Substances Utiles Spa (ENOF) and Office National de Recherche Géologique et Minière (ORGM). At a recent joint venture meeting, the joint venture partners endorsed this study and agreed to advance the project towards development ('Decision to Mine').

The 'Decision to Mine' clears the path for the issue of the mining permit which will be issued by the Algerian mining regulator. Terramin understands that this process is well advanced.

In recent commercial discussions with our joint venture partners, Terramin has agreed to transfer 16% of its interest to its joint venture partners to ensure that the partnership conforms to Algerian government regulations in regard to the ownership of strategic assets. The new ownership structure of the joint venture will enable the project to receive significant commercial concessions, including provision of land access and substantial corporate taxation exemptions. Terramin will retain a 49% interest in Tala Hamza and will have management rights over the project.

Commenting on the Agreement, Terramin's Executive Officer Martin Janes, said:

"Terramin is pleased to be able to advance Tala Hamza into its development phase and would like to acknowledge the hard work and support of our Algerian partners. With zinc prices approaching US\$4,000 per tonne it is a very opportune time to progress Tala Hamza towards being a world-class long-life zinc producer."

ABOUT TALA HAMZA

Tala Hamza is located on the Mediterranean coast of Algeria approximately 15 kilometres from the port city of Bejaia. Bejaia has a population of over 300,000 people with an export deep water port facility and an international airport. The project is close to major rail, road and energy infrastructure (Figure 1).

Tala Hamza is one of the largest undeveloped zinc & lead deposits in the world containing 3.5 million tonnes of zinc plus with a resource of 53.0 million tonnes at 6.6% zinc plus lead¹. Terramin will retain a 49% interest in the project through the Algerian joint venture company, Western Mediterranean Zinc SPA.

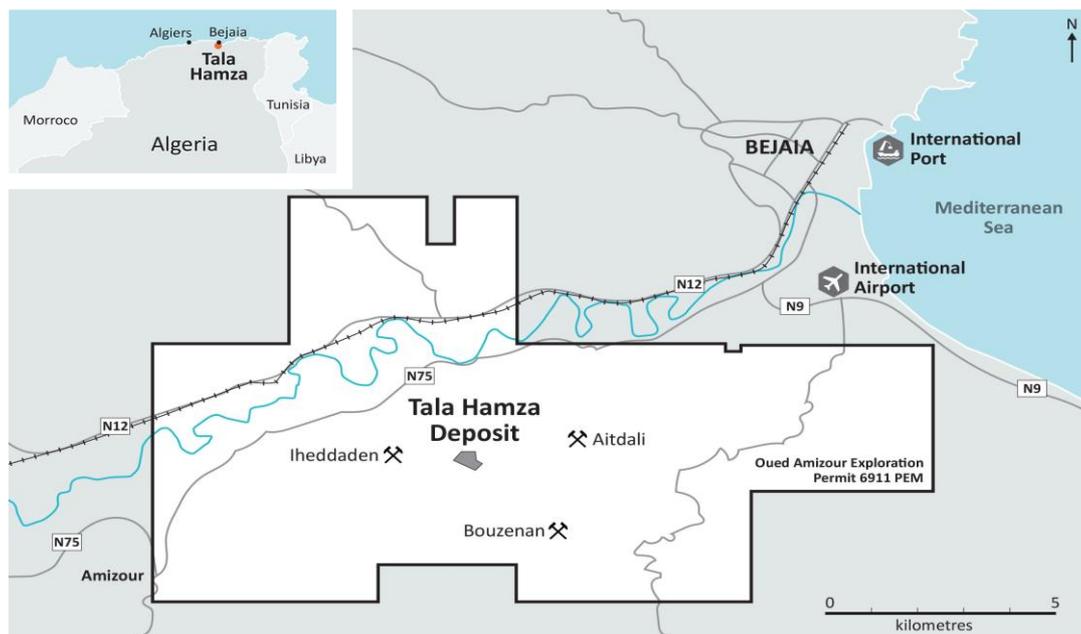
A Definitive Feasibility Study² in respect of Tala Hamza was completed in mid-2018, which indicated the following key statistics:

- It will produce an average of 129,300 tpa of zinc concentrate and 26,000 tpa of lead concentrate over a 21-year mine life, peaking at 153,000 tpa zinc and 36,000 tpa lead concentrate from the mining and processing of an average of 1.32 mtpa of ore;
- Based on metal prices averaging US\$1.25/lb zinc and US\$1.05/lb lead, the project generates a strong financial return, with a post-tax nominal NPV (8%) of US\$303m². Noting that the current spot zinc price is US\$1.78/lb zinc, which indicates the potential for substantially higher returns;
- Total pre-production capital for the project is expected to be US\$341m;
- Operating costs are expected to be competitive by world standards. The C1 cash cost, including all operating costs and excluding royalties, rehabilitation and capital expenditure, is estimated to be US\$0.53/lb payable Zn with an All-in Sustaining Cost (AISC) of US\$0.61/lb.

The deposit remains open to the east and southeast, allowing the potential to expand production without reducing mine life.

A recent optimisation study that includes the increase in the mining and processing to an average of 2.0 mtpa of ore (up from 1.32 mtpa) indicates that project returns can be further enhanced.

Figure 1: Tala Hamza location and infrastructure.



The Board has approved this ASX announcement.

For further information, please contact:

Martin Janes
Executive Officer
Terramin Australia Limited
+61 8 8536 5950
info@terramin.com.au

1. ASX Announcement on 29 August 2018 – Tala Hamza Resources and Reserves Statement
2. ASX Announcement on 29 August 2018 – Tala Hamza Feasibility Study