
Sempra Metals and Terramin agreement

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Sempra has agreed to purchase 100,000 tonnes of zinc concentrate per annum from the commencement of production at Tala Hamza in Algeria for a period of 5 years, with an option to extend for a further 5 years. The pricing under the agreement will be based on European benchmark terms.

The tonnage agreement is only a portion of the potential initial and ultimate production rate forecast currently the subject of on going technical studies. The uncommitted production easily accommodates the commitment to supply the Algerian domestic market with metal.

Sempra has also agreed to subscribe for USD 15 million of 5 year unlisted convertible redeemable notes with a coupon LIBOR plus a margin reducing to 200 basis points.

The notes are convertible into Terramin ordinary shares at the election of the company at any time or at the election of Sempra at the volume weighted average Terramin share price for the period immediately prior to conversion. Interest may be paid in cash or shares at the election of the company.

The terms of the existing USD 5.05 million of unlisted convertible notes issued in June 2005, to assist with financing the Angas feasibility study will be amended to align with the terms of the new issue.

Terramin is building into a significant base metal production company through the development of its lead and zinc resources. Its advanced projects total over 58 million tonnes and contain nearly 4 million tonnes of lead and zinc, and are distinguished by high grades in proximity to infrastructure such as ports, roads, water and power.

Its projects in Australia and Algeria are on track to produce more than 300,000 tonnes of zinc and lead metal in concentrate per annum.

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