
Terramin Australia gets backing for Algeria mine

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Mining Journal reported that Terramin Australia Limited had begun financing for proposed zinc and leads mine in Algeria, securing AUD 46 million from investors in China and Europe.

Mr Kevin Moriarty MD of Terramin said that his company has agreed to a 5 year lead and zinc concentrate supply pact with commodities trader Transamine for material from the mine, Talma Hamza, which could potentially yield a 250,000 tonnes per year of metal.

The company has also agreed to sell equity to one of China's largest resources firms, China Non Ferrous Metals Industry and give it a seat on Terramin's board in exchange for funds. The sale must be approved by Australia's foreign investment regulators, who are also reviewing a proposed USD 19.5 billion investment by Cinalco in Rio Tinto amid some opposition in Australia to Chinese investment in domestic companies.

On Friday the Australian government blocked the sale of a copper mine to China's Minmetals citing security concerns given its location near an Australian military installation. Terramin recently commissioned its Angas mine in Australia, forecast to yield 45,700 tonnes of zinc and 16,500 tonnes of lead concentrate this year.

Mr Moriarty said that a final study into the feasibility of the Algerian project will be finished this year, enabling Terramin to seek major funding from smelting firms and additional Chinese investors to underwrite capital costs estimated at under USD 290 million.

He said that it was likely to be next year before Terramin seeks most of the funding, hopefully allowing time for metals markets ravaged by the commodities bust to recover. The supply agreement with Transamine covers 100,000 tonnes per year of zinc and 40,000 tonnes per year lead concentrates annually, starting once the mine is running in 2011.

He added that "Both Transamine and NFC are promising to bring in financing via smelters and directly from China. The AUD 46 million buys us time."

Mr Moriarty said that zinc and lead markets have been hit hard by the slump in commodities. Zinc is down 44%, while lead is off 55% in the last year. Transamine will seek to use its offtake rights to access funds from smelting firms to supplement bank finance once development of the mine commences.

(Sourced from Reuters)

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