

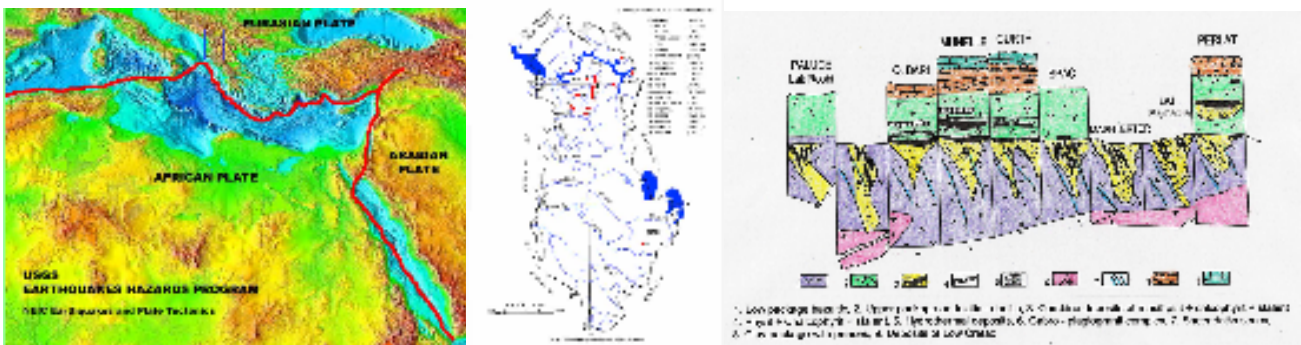
## Spac Copper Project Feasibility Study Results

**Tete Albania (TA)** is pleased to announce the results of the Spac Copper Study following a Feasibility Program. The study was based on underground mining operation methods and conventional copper flotation processing plant, to produce a saleable copper concentrate for export and custom smelting. The Company initially considered a 300.000 tonnes per annum ore processing option. A summary of the key project fundamentals are presented below:

<b>Mineral Resource</b>	<b>3,60Mt at 1.2% copper (0.5% cut-off)</b>
<b>Ore Reserve</b>	<b>2,85Mt at 1.18% copper</b>
<b>Annual Concentrate Specification</b>	<b>14,000dmt @ 22% copper,</b>
<b>Annual Production Average</b>	<b>3,080t copper,</b>
<b>Mine Life</b>	<b>+10 yrs</b>

## Background

The Spac Copper deposit is located approximately 100km north of the Albanian capital Tirana (Figure 1). The Spac deposit is located in the central part of Perlat- Qaf Mali mineralized belt. This belt which extends about 40 km contains several big ore deposits as Lak Roshi, Tuçi, Qafe Bari, Munella, Gurth Spac, Spaci and Perlati and several ore deposits containing 100 thousand up to 1 million tonnes of ore and numerous small prospects.



The sulphide mineralization of this belt is located in extrusive rocks of central Mirdita represented by basalts, andesite-basalts, basalt andesites, boninites, dacites and rhyolites. Basalts and andesites are commonly encountered as pillow - lavas, spherical lava, agglomerates, tuffagglomerates etc. Apart from massive flows, considerable development have also volcanic flows intercalated with agglomerates and tuffagglomerates, different types of dykes, ultramafic and mafic intrusions (wehrlites pyroxenites, gabbros, basalts intrusions etc.)

The outcrop of Spac mineralization zone have been known since the beginning of 20<sup>th</sup> century. The exploration of Spaci sulfide outcrop started in 1954. Since beginning of

exploration up to now a large volume of work have been carried out including prospecting channels, drillings, galleries etc.

The volume of work carried out is as follows:

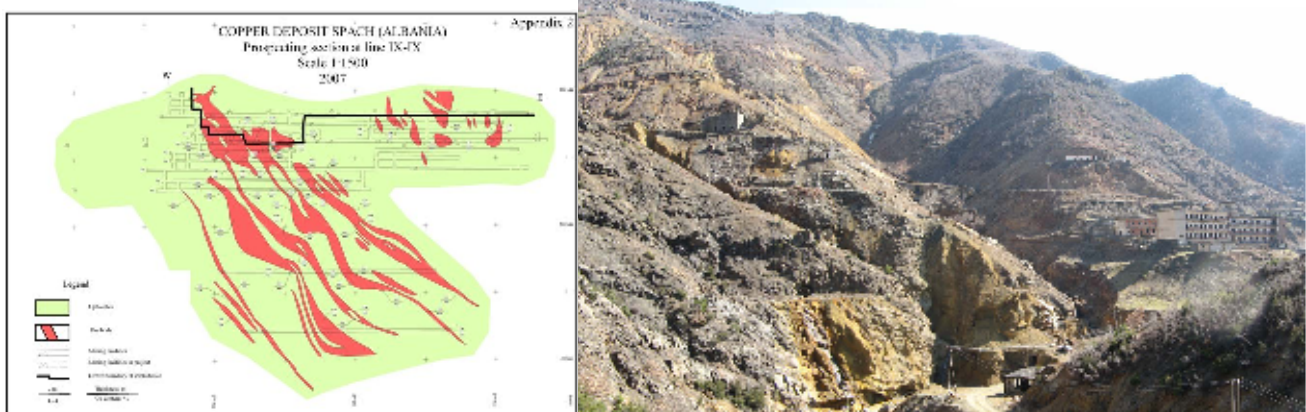
- \* 70 channels with total volume 13633 m<sup>3</sup>
- \*\* Shafts total 471 m
- \*\*\* 26 exploration galleries and 3 mining galleries totalling 45,267 m (1954 until 1.1.1984)
- \*\*\*\* Drill holes total 77,811m (1954 until 1.1.1984)
- \*\*\*\*\* 19 drill holes total 4,813m (1.1.1984 until 1.1.1987)

## Mineral Resources

In Spac deposit two ore types are encountered:

- Massive ore and
- Disseminated ore.

Massive ore is represented by massive bodies of pyrite containing spot-like, vesicular chalcopyrite and individual disseminations as well, with heterogeneous distributions.



Disseminated ore is characteristic for copper bearing ore bodies where pyrite, chalcopyrite, hematite-muschetovite and magnetite are found. Mineralization is concentrated in the altered effusive basic rocks in the shape of spots, veins and veinlets and disseminated grains and rarely forming massive concentrations. ,

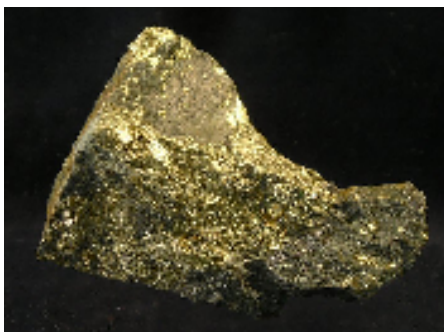
The estimation of ore reserves is based on the mineral zone between levels 560-340 m in which are located industrial ore bodies. In this mineralization zone are determined about 26 copper ore bodies. The dipping of ore bodies is towards east at angle 50°-70°. The estimation of the ore reserves is realized using the method of parallel and vertical cross sections. The minimal grade of copper for each crossing of ore body by drilling or gallery is accepted 0.7%, whereas the minimal thickness is 1 m. In the case of ore bodies thinner than 1 m and high grade of copper or pyrite is used by the multiplying of thickness and grade of ore aiming to be over 1.

The shape of ore body is lens – like so the contours are determined by chemical analyses. For the estimation of the ore reserves are used for the cross sections at scale 1:500 based on the network used for exploration of deposit. The situation of the remaining ore and its quality is presented in the following tables:

**Ore Reserves**

The ore deposit is intensively effected by faulting which negatively influences the mining. The ore bodies show sharp contacts to the surrounding rocks which positively influences to the mining and for avoiding the decreasing of the quality. There are differences on strength between ore and host rocks, but in general their resistivity is high and it varies from  $f=4$  up to  $f=16$ . The presence of fissures and faults decreases the resistivity of the ore and host rocks, which negatively effects the mining.

The terrain is very suitable for underground mining, The horizontal galleries differ in altitude by 50 m from each other ( so called floors)



<b>TABLE 1 Mineral Resources</b>		<b>Tonnes (Mt)</b>	<b>Copper Grade (% Cu)</b>
<b>0.7% copper cut-off grade</b>	Measured	2,175,214	1.28
	Indicated	638,881	1.13
	Inferred	593,893	1.17
	<b>Total</b>	<b>3,629,944</b>	<b>1.23</b>

The altitude of mining levels is as following: Main gallery at altitude 700, 650, 550, 523 which was used for mining of ore reserves between levels 523 up to 560. The last level gallery at altitude 420 which is open in the all length of mine, 1976 m long, reaching the main shaft. Main shaft of the mine links the levels 560 and 420.

The Feasibility Program identified significant reductions in process costs and applied higher metallurgical recoveries for low-grade mineralization.

A suite of U/G optimization studies were undertaken at copper prices of US\$6.360/t, to investigate the robustness of the Spac copper deposit under a range of economic conditions. Metallurgical recoveries for copper reserve estimation are 90% respectively.

**Concentrate Production and Transport Logistics**

Flotation Process technology is planned to produce 140,000 dmt of copper concentrate (grading 22% cu) in 10 years and exported for custom smelters. This concentrate is forecast to contain on average 30,800 tonnes copper.

Transport studies have demonstrated that concentrate can be trucked to Bulgaria (pirdop) or shipped to other custom smelters.

Close proximity to the rapidly expanding copper smelting and refining capacity in the Balkan region means that the Project should realise a location benefit associated with rapid delivery times to market..

## CAPITAL COSTS

Mine capital total	2.272.500
Process plant total	2.597.500
Direct capex	4.870.000
Total owners costs	595.000
Net smelter return schedule	152.718.000
Total operating cost schedule	84.180.000
Operating profit schedule	68.538.000
Capital cost schedule	5.465.000
Detailed pretax cashflow	63.073.000

## OPERATING COSTS

	( \$ )
Mining and ore haulage cost	36.855.000
Processing cost	28.350.000
Maintenance cost	2.835.000
Administration cost	11.340.000
G&A fixed cost	3.840.000
Contingency	960.000
<b>Total operating cost 1.0</b>	<b>84.180.000</b>

\*Cu LME 6,360 us\$/t

## Tenure

Tete Turkey owns a 100% interest in TeteAlb, a Albanian registered company that is party to a Mineral Exploration and Production Agreement (MEPA) with the Government of Albania. This agreement regulates exploration and mining activities within a contract area (the Spac Copper Contract Area). The operating period under the MEPA commenced in late 2007 and is 20 years with a 10 year extension upon application.

## Project Development and Finance Timetable

Preliminary pioneering works for the Spac Copper Project development is started in April 2008. These activities are continuing and including earthworks for the camp and process facility sites, together with the construction of a 5 kilometers of link road from the Spac mine site to Reps and a recently constructed new access road to the main highway to Kosovo, funded by the World Development Bank.

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