



ASX ANNOUNCEMENT

ASX CODE: TMX, TMXO

CAPITAL STRUCTURE

TMX - Shares on Issue 137.51m
TMXO - Options on Issue 51.62m
- Unlisted Options 10.57m

DIRECTORS & KEY MANAGEMENT

Dick Sandner	Non-Exec Chairman
Jonathan Lim	Non-Exec Vice Chairman
Keith Wells	Managing Director
Paul Dickson	Non-Exec Director
Ian Hobson	Company Secretary

PRINCIPAL REGISTERED OFFICE

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Friday 14 May 2010 Company Announcement

COMPANY UPDATE

Gold price increases potential Bundarra cash surplus to A\$40 million

HIGHLIGHTS

- Increase in gold price potentially adds up to A\$13.7 million to estimated cash surplus of the Bundarra gold deposits.
- Bundarra Mine Scoping Study cash surplus now estimated at A\$34.6 million to A\$40.0 million.
- Resource model update for high grade mineralisation beneath the Wonder North open pit expected by early June.
- Sale of non-core Coogee Gold Deposit for up to A\$1.15 million (A\$400,000 cash and up to 3,000,000 shares at A\$0.25) on track. A\$50,000 deposit received.
- Completion of current rights issue and shortfall placement is expected to provide +A\$3 million in working capital to accelerate exploration programs. Initial priority will be high grade gold targets followed by nickel targets at the Aztec Dome.

BUNDARRA

The stronger gold price has significantly enhanced the economics of the Bundarra gold deposits.

At the current gold price (+A\$1,350/oz) the updated cash surplus indicated by previous Mine Scoping Studies is estimated to be A\$34.6m - A\$40.0m (compared to the February 2010 reported projected cash surplus of A\$20.9m - A\$26.9m, based on a A\$1,200/oz gold price).

Deposit	A\$1,350/oz gold	A\$1,200/oz gold
Celtic open pit	A\$2.9m - A\$3.9m	A\$2.0m - A\$3.0m
Great Western open pit	A\$2.6m - A\$3.6m	A\$1.0m - A\$2.0m
Great Western underground	A\$19.1m - A\$21.1m	A\$13.1m - A\$15.1m
Wonder North open pit	A\$10.0m - A\$12.0m	A\$4.8m - A\$6.8m
Forecast Cash Surplus	A\$34.6m - A\$40.6m	A\$20.9m - A\$26.9m

Various sensitivity analyses have been performed and are included to demonstrate the potential range of cash flows as set out in the ASX announcement dated 16 February 2010.

A new resource model for the Wonder North deposit is being undertaken at a higher cut-off grade of 3g/t gold and it is expected that the high grade underground potential will be enhanced, and further increase the projected cash flow.

A series of attractive gold targets will be progressively tested, once funds from the current rights issue have been received, including -

Craig-Katalina

- Two major soil anomalies up to 160m wide and 1,000m long, with gold values up to 50X background, are untested;
- Craig workings - historic shallow drill intersections below and along strike from the old workings, including 2m @ 82.67g/t gold and 1m @ 9.42g/t gold, require follow-up drilling;
- Katalina workings - historic drill intersections below the old workings, including 2m @ 26.58g/t gold, 6m @ 3.83g/t gold, and 2m @ 9.05g/t gold, require follow-up drilling.

Great Western Deeps

- High grade underground mineralisation remains open at depth and down plunge with good potential for a series of stacked ore zones - deeper core drilling is planned to increase this resource.

Wonder North Deeps

- High grade lenses (+3g/t gold) remain open down plunge - deeper core drilling is planned to increase this resource.

Bluebush

- Shallow resources centred on a drill intercept of 40m @ 2.43g/t gold require infill drilling - increase shallow open pitable resources and improve resource confidence.

DODGERS WELL

High grade quartz veins and unusual epithermal breccia mineralisation, with associated rock chip values up to 210g/t gold, are yet to be systematically drill tested - potential for new high grade gold discoveries.



RC drilling is planned for late June, in conjunction with planned drilling at Bundarra.

EAST KAMBALDA

Data generated by the December 2009 RC drilling program has confirmed similarities between the Aztec Dome and Kambalda Dome and highlighted the requirement for deeper drilling.

A detailed fixed loop ground EM survey is planned for two areas in the Aztec Dome to follow-up historic and recent encouraging drill results to better define nickel targets for future deep core drilling in the second half of 2010.

An agreement has been reached with New Global Mining to sell the Coogee Gold Deposit for up to A\$1.15m (A\$400,000 cash and up to 3,000,000 shares at A\$0.25). A\$50,000 deposit has been received. The proceeds from this sale will supplement the funds received from the current rights issue.

CORPORATE

A rights issue to raise A\$3.48m was announced in late March 2010. The rights issue closes on 17 May 2010.

A steady stream of applications is being received from shareholders and the company has received strong support from sophisticated investors, including Greenday Corporate Pty Ltd and Fullerton Private Capital Pty Ltd, to participate in the allotment of any shortfall shares and options.

The funds received from the rights issue and the sale of the Coogee Gold Deposit will be used to complete further mining studies and undertake the drilling programs at Bundarra, Dodgers Well and East Kambalda.

On behalf of the Board:

A handwritten signature in black ink that reads "Keith Wells".

Contact: Keith Wells, Managing Director

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Further information regarding the company, Terrain's projects and exploration programs can be found on the Company's website: www.terrainminerals.com.au

The information in this report that relates to Exploration Results is based on information compiled by Mr Chris Tomich, who is a full time employee of Terrain Minerals Ltd. Mr Tomich is a member of the Australian Institute of Geoscientists and has 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 of Exploration Results, Mineral Resources and Ore Reserves' Mr Tomich consents to the inclusion in the report of the matters based on information in the form and context in which it appears.



Project Location Plan

