



## ASX ANNOUNCEMENT

ASX CODE: TMX, TMXO, TMXOA

### CAPITAL STRUCTURE

TMX - Shares on Issue 171.23m  
TMXO - Options on Issue 51.62m  
TMXOA - Options on Issue 16.89m  
- Unlisted Options 10.57m

### DIRECTORS & KEY MANAGEMENT

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

### PRINCIPAL REGISTERED OFFICE

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## QUARTERLY REPORT: JUNE 2010

### HIGHLIGHTS

- Increase in gold price potentially adds up to A\$10.4 million to estimated cash surplus of the Bundarra gold deposits.
- Bundarra Mine Scoping Study cash surplus now estimated at A\$31.3 million to A\$37.3 million (at A\$1,300/oz).
- High grade core of 621,600 tonnes @ 4.8 g/t gold (96,080 ounces) at a 3.0 g/t gold cut-off identified beneath and adjacent to the current Wonder North open pit -
  - The high grade core remains open down dip and down plunge.
  - A number of satellite lodes have been highlighted with potential for “bonanza” grades.
- Toll treatment of Celtic Pit ore planned –
  - Interest from two potential mill operators.
  - Active discussions to finance the mining of the Celtic ore via a gold loan facility, convertible note facility, or similar methods of financing.
  - Active communication with mining contractors and all other staff required to commence a mining operation in the near term.
  - All necessary mining approvals in place.
- Encouraging drill results received from first pass drilling at Dodgers Well, including –
  - DWRC013, 4m @ 36.10 g/t gold from 76m, including 1m @ 115.7 g/t gold from 76m (within a larger interval of 9m @ 17.04 g/t gold from 76m)
  - DWRC014, 3m @ 9.67 g/t gold from surface (within a larger interval of 6m @ 5.65 g/t gold)
  - DWRC008, 4m @ 1.67 g/t gold from 20m
  - Both high grade zones in holes DWRC013 & DWRC014 remain open down dip and along strike – only one hole drilled to date in each area.
- 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\$100,000 deposit received.
- A\$1.072m raised from rights issue and initial shortfall placement.



## **BUNDARRA REGION**

The stronger gold price during the June quarter has significantly enhanced the economics of the Bundarra (Figure 1) gold deposits.

**At an elevated gold price of A\$1,300/oz the updated cash surplus indicated by previous Mine Scoping Studies is estimated to be A\$31.3m - A\$37.3m** (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).

<b>Deposit</b>	<b>A\$1,300/oz gold</b>	<b>A\$1,200/oz gold</b>
Celtic open pit	A\$2.6m - A\$3.6m	A\$2.0m - A\$3.0m
Great Western open pit	A\$2.0m - A\$3.0m	A\$1.0m - A\$2.0m
Great Western underground	A\$18.4m - A\$20.4m	A\$13.1m - A\$15.1m
Wonder North open pit	A\$10.0m - A\$12.0m	A\$4.8m - A\$6.8m
<b>Forecast Cash Surplus</b>	<b>A\$31.3m - A\$37.3m</b>	<b>A\$20.9m - A\$26.9m</b>

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.

### **Wonder North Gold Deposit**

At the Wonder North deposit a new block model using 10m X 10m X 5m blocks (XYZ) was generated by LBC Resources Pty Ltd using a 3.0 g/t gold lower cut-off, and a top cut of 50.0 g/t gold. The following resources were estimated –

<b>CLASSIFICATION</b>	<b>TONNES</b>	<b>GRADE g/t GOLD</b>	<b>GOLD OUNCES</b>
Measured	0	0	0
Indicated	494,450	4.9	78,080
Inferred	127,150	4.4	18,000
<b>TOTAL</b>	<b>621,600</b>	<b>4.8</b>	<b>96,080</b>

Note: rounding errors may occur

This new resource is within a larger 2008 JORC compliant resource of 2,540,000 tonnes @ 2.1 g/t gold for approximately 172,600 ounces of gold (Table 1).

<b>CLASSIFICATION</b>	<b>TONNES</b>	<b>GRADE g/t GOLD</b>	<b>GOLD OUNCES</b>
Measured	354,000	2.3	26,000
Indicated	872,000	2.4	66,500
Inferred	1,314,000	1.9	80,200
<b>TOTAL</b>	<b>2,540,000</b>	<b>2.1</b>	<b>172,600</b>

Note: rounding errors may occur

The new block model and resource interpretation were undertaken to establish the continuity of the high grade (+3.0 g/t gold) mineralisation below and marginal to the current open pit (Figures 2).

This new resource interpretation has highlighted a number of positive interesting features, including -

- The high grade mineralisation remains open down dip and down plunge;
- Within the main mineralised zone there may be up to three moderately grid east plunging high grade zones, some over 400m long;



- Historic open pit mining targeted an upper plunging zone, which appears to have been of lower grade than another plunging high grade zone below the current pit floor;
- A flexure zone in the eastern part of the high grade ore body is associated with several additional satellite +3.0 g/t gold lodes (Figure 3) – this zone is a good structural target for possible “bonanza” mineralisation (+10m true width, +5.0 g/t gold).

Further deep drilling is planned to extend and better define the +3.0 g/t gold mineralisation, with the potential to increase the high grade resource outlined above.

An underground mine scoping study will also be undertaken in the September quarter.

### **Celtic Pit Mining**

Terrain has received enquiries from two surrounding gold mill operators, with a view to having the ore from the Celtic open pit processed at either facility.

Based on current discussions, Terrain anticipates that mining could commence in the next few months pending timely finalisation of toll treatment arrangements.

In order to facilitate the toll processing, Terrain has:

- Been involved in active discussions to finance the mining of the Celtic ore via a gold loan facility, convertible note facility, or similar methods of financing.
- Maintained active communication with mining contractors and all other staff required to commence a mining operation in the near term.
- Ensured all necessary mining approvals are currently in place.

A previous mine scoping study indicated that the Terrain can expect to recover approximately 6,000oz of gold (59,000t at 3.52g/t - from measured resources of 684,000t at 1.8 g/t – see resource table).

At a gold price of \$1,200/oz this mining operation is expected to yield a cash surplus of approximately A\$3m and will be a significant milestone for Terrain Minerals in the step from exploration company to producer status.

### **Bluebush Gold Deposit**

A short RC infill drilling program, on a 25m X 25m pattern, was completed at the Bluebush deposit, targeting shallow resources around a 2007 mineralised drill hole. This new drilling amounted to 6 holes for 389m (Table 2).

Anomalous intercepts of +1 g/t gold were returned for all holes with the widest zone of mineralisation being 11m @ 1.98 g/t gold from 31m in hole BCRC025 (Table 3). The highest individual assay of 1m @ 9.47 g/t gold from 35m occurs in hole BBRC026.

These new drilling results will add to the shallow resources in the Bluebush deposit.

### **Other Gold Targets**

A series of attractive gold targets will be progressively tested, once additional funding has been secured -

#### **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.

### **DODGERS WELL PROJECT**

Encouraging RC drilling results have been received at the Dodgers Well Project, north of Leonora, Western Australia (Figure 4).

DWRC013, **4m @ 36.10 g/t gold from 76m, including 1m @ 115.7 g/t gold from 76m** (within a larger interval of 9m @ 17.04 g/t gold from 76m)

DWRC014, **3m @ 9.67 g/t gold from surface** (within a larger interval of 6m @ 5.65 g/t gold)

DWRC008, 4m @ 1.67 g/t gold from 20m

Resampling results for the two high grade holes DWRC013 & DWRC014 above indicates the presence of coarse gold.

This drilling program was designed to partially test a series of targets associated with high grade rock chip samples and historic gold workings.

The result for hole DWRC013, drilled below the historic Linger & Die Main Pit, is particularly encouraging as it was a single hole drilled to the north beneath the Pit, in the opposite direction to the bulk of previous explorers drilling. This new mineralised intercept is possibly associated with splay quartz veins in a shear zone trending off the main north dipping shear structure that hosted the majority of the mineralisation in the historic pit. This hole DWRC013 mineralisation remains open at depth and along strike.

Hole DWRC014 targeted a splay quartz vein at the historic Sheffield Workings. Mineralisation from surface in this hole is in a new zone not associated with the old workings. It remains open at depth and along strike.

At the historic Myrtle / Glen Lyon line of workings hole DWRC008 intersected mineralisation to the immediate north of the workings. This mineralisation also remains open at depth and along strike.

First pass drilling at the Dodgers Well Project in June-July amounted to 18 holes for 1,611m, as detailed in the attached table.

Further followup drilling is planned in quarters 3 & 4 of 2010 to test the newly identified zones of gold mineralisation.



## **EAST KAMBALDA PROJECT**

A fixed loop ground electromagnetic survey (FLEM) was recently completed over two prospective nickel sulphide target areas in the Aztec Dome. Results from this survey are awaited.

## **CORPORATE**

A rights issue announced in late March 2010 raised \$1.072m from existing shareholders and shortfall applications to 30 June 2010. The Company will consider additional equity strategies in the current quarter to further boost cash reserves and allow further value accretive exploration and mine development activities to occur.

On 6 May 2010 Terrain Minerals Ltd signed an agreement with New Global Mining Ltd ("NGO") to sell the Coogee Gold Deposit (Figure 5) for up to A\$1.15m in cash and script (A\$400,000 cash and up to 3,000,000 shares at A\$0.25).

The Coogee Gold Deposit is located 20 km northeast of Kambalda, WA, and has a JORC compliant indicated and inferred resource totalling 277,500 tonnes @ 3.91 g/t gold for 34,870 ounces.

NGO is a new company which has entered into agreements to acquire interests in a broad range of projects throughout WA, including an extensive land holding east of Kambalda. NGO expects to list on the Australian Stock Exchange ("ASX") in the near future.

The agreement involves sale of M26/477, which hosts the Coogee Gold Deposit, and the grant of rights to explore for minerals in relation to two adjoining sub-blocks of E26/97, which Terrain will continue to own and deal with subject only to the NGO mineral exploration rights over the two sub-blocks.

The sale agreement involves payment of \$400,000 cash and up to 3,000,000 NGM shares and is subject to NGO obtaining conditional approval to be admitted to the ASX by 31 August 2010.

A\$50,000 of the cash payment was received on the execution date of the agreement, with another A\$50,000 cash received at the end of June (total cash received A\$100,000) with the balance of the cash and up to 3,000,000 shares anticipated to be paid when NGO lists on the ASX.

The proceeds of the sale will add to the funds being raised by Terrain's current rights issue. The funds raised will be used to test Terrain's large number of attractive gold targets at the Bundarra and Dodgers Well Projects and nickel targets at Aztec Dome in the East Kambalda Project.

Estimated exploration expenditure for the September 2010 quarter is \$200,000.

On behalf of the Board:

A handwritten signature in blue ink that reads "C S Tomich".

Chris Tomich,  
Managing Director

**Terrain Minerals Ltd** ABN: 45 116 153 514



## Contact

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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](http://www.terrainminerals.com.au)

## Competent Persons Statements

*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 (MAIG) 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.*

*The Mineral Resource estimates (at 1g/t gold cut-off) for the Wonder North, Bluebush, Great Western and Black Cat deposits at Bundarra were completed by consultant Mr. Shane Fieldgate of CSA Global Pty Ltd, who is a Member of the Australian Institute of Geoscientists (MAIG) and is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Result Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*The Mineral Resource estimate (at +3g/t gold cut-off) for the Wonder North deposit at Bundarra was completed by consultant Mr. Steve Le Brun of LBC Resources Pty Ltd, who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Result Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*The Mineral Resource estimate for the Coogee deposit was reviewed by consultant Mr. Malcolm Castle, who is a Member of the Australian Institute of Mining & Metallurgy (MAusIMM)) and is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Results Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

**Table 1: Resource Table**

<b>Deposit</b>	<b>Resources</b>	<b>Measured</b>	<b>Indicated</b>	<b>Inferred</b>	<b>Totals</b>
<b>Bundarra Project</b>					
Wonder North	Tonnes	354,000	872,000	1,314,000	2,540,000
	Grade g/t	2.3	2.4	1.9	2.1
	Ounces	26,000	66,500	80,200	172,600
Bluebush	Tonnes			726,000	726,000
	Grade			1.7	1.7
	Ounces			38,900	38,900
Black Cat	Tonnes			134,000	134,000
	Grade			2.5	2.5
	Ounces			10,600	10,600
Great Western	Tonnes	58,000	284,000	131,000	473,000
	Grade	3.0	2.8	2.3	2.7
	Ounces	5,600	25,800	9,500	40,900
Totals	Tonnes	412,000	1,156,000	2,305,000	3,873,00
	Grade	2.4	2.5	1.9	2.1
	Ounces	31,600	92,300	139,200	263,100
Celtic*	Tonnes	683,900	199,400	204,400	1,087,700
	Grade	1.8	1.5	1.5	1.7
	Ounces	39,300	9,300	9,500	58,100
<b>TOTALS</b>	<b>Tonnes</b>	<b>1,095,900</b>	<b>1,355,400</b>	<b>2,509,400</b>	<b>4,960,700</b>
	<b>Grade</b>	<b>2.0</b>	<b>2.4</b>	<b>1.9</b>	<b>2.0</b>
	<b>Ounces</b>	<b>70,900</b>	<b>101,600</b>	<b>148,700</b>	<b>321,200</b>
<b>East Kambalda Project</b>					
Coogee	Tonnes		137,800	139,700	277,500
	Grade g/t		4.12	3.70	3.91
	Ounces		18,250	16,620	34,870
<b>Total Resources</b>					
All Deposits	<b>Tonnes</b>	<b>1,095,900</b>	<b>1,493,200</b>	<b>2,649,100</b>	<b>5,238,200</b>
	<b>Grade</b>	<b>2.00</b>	<b>2.56</b>	<b>1.99</b>	<b>2.10</b>
	<b>Ounces</b>	<b>70,900</b>	<b>119,850</b>	<b>165,320</b>	<b>356,070</b>

**Table 2: Bluebush Drilling Details**

<b>HOLE_ID</b>	<b>AMG_EAST_m</b>	<b>AMG_NORTH_m</b>	<b>AZIMUTH_MAG</b>	<b>DIP</b>	<b>DEPTH_m</b>
BBRC022	321701	6861461	210 <sup>0</sup>	60 <sup>0</sup>	50
BBRC023	321719	6861492	210 <sup>0</sup>	60 <sup>0</sup>	80
BBRC024	321706	6861465	210 <sup>0</sup>	60 <sup>0</sup>	50
BBRC025	321683	6861488	210 <sup>0</sup>	60 <sup>0</sup>	50
BBRC026	321698	6861506	210 <sup>0</sup>	60 <sup>0</sup>	70
BBRC027	321707	6861525	210 <sup>0</sup>	60 <sup>0</sup>	89
<b>TOTAL</b>					<b>389</b>



**Table 3: Bluebush Assay Results +1 g/t Gold**

HOLE_ID	DEPTH_FROM_m	DEPTH_TO_m	INTERVAL_m	GRADE_g/t_Au
BBRC022	15	26	11	1.68
BBRC022	29	30	1	1.10
BCRC023	34	35	1	1.18
BCRC023	40	41	1	1.28
BCRC023	45	47	2	5.11
BCRC023	50	54	4	2.95
BCRC023	58	59	1	1.94
BCRC023	65	67	2	2.07
BBRC024	22	26	4	1.56
BCRC025	26	27	1	2.08
BCRC025	31	42	11	1.98
BBRC026	33	38	5	3.67
including	35	36	1	9.47
BBRC026	46	52	6	3.01
including	50	51	1	7.91
BBRC026	54	56	2	1.95
BBRC026	59	63	4	2.23
BBRC027	53	54	1	1.36
BBRC027	58	61	3	2.01
BBRC027	64	65	1	7.55
BBRC027	69	71	2	4.19
BBRC027	76	77	1	6.74
BBRC027	84	85	1	1.16

**Table 4: Dodgers Well Drilling Details**

HOLE_ID	MGA_EAST_m	MGA_NORTH_m	AZIMUTH_MAG	DIP	DEPTH_m
DWRC001	336262	6832638	250 <sup>0</sup>	60 <sup>0</sup>	59
DWRC002	336286	6832646	250 <sup>0</sup>	60 <sup>0</sup>	110
DWRC003	336301	6832523	250 <sup>0</sup>	60 <sup>0</sup>	59
DWRC004	336324	6832535	250 <sup>0</sup>	60 <sup>0</sup>	110
DWRC005	336333	6832467	250 <sup>0</sup>	60 <sup>0</sup>	59
DWRC006	336360	6832478	250 <sup>0</sup>	60 <sup>0</sup>	110
DWRC007	336357	6832405	250 <sup>0</sup>	60 <sup>0</sup>	80
DWRC008	336380	6832416	250 <sup>0</sup>	60 <sup>0</sup>	110
DWRC009	336403	6832305	250 <sup>0</sup>	60 <sup>0</sup>	77
DWRC010	336427	6832315	250 <sup>0</sup>	60 <sup>0</sup>	119
DWRC011	336006	6831717	10 <sup>0</sup>	60 <sup>0</sup>	77
DWRC012	336002	6831692	10 <sup>0</sup>	60 <sup>0</sup>	119
DWRC013	335743	6831845	360 <sup>0</sup>	60 <sup>0</sup>	104
DWRC014	335212	6831875	180 <sup>0</sup>	60 <sup>0</sup>	80
DWRC015	335109	6831831	180 <sup>0</sup>	60 <sup>0</sup>	59
DWRC016	335110	6831855	180 <sup>0</sup>	60 <sup>0</sup>	110
DWRC017	334983	6831843	180 <sup>0</sup>	60 <sup>0</sup>	59
DWRC018	334984	6831870	180 <sup>0</sup>	60 <sup>0</sup>	110
<b>TOTAL</b>					<b>1,611m</b>

Figure 1: Project Location Plan

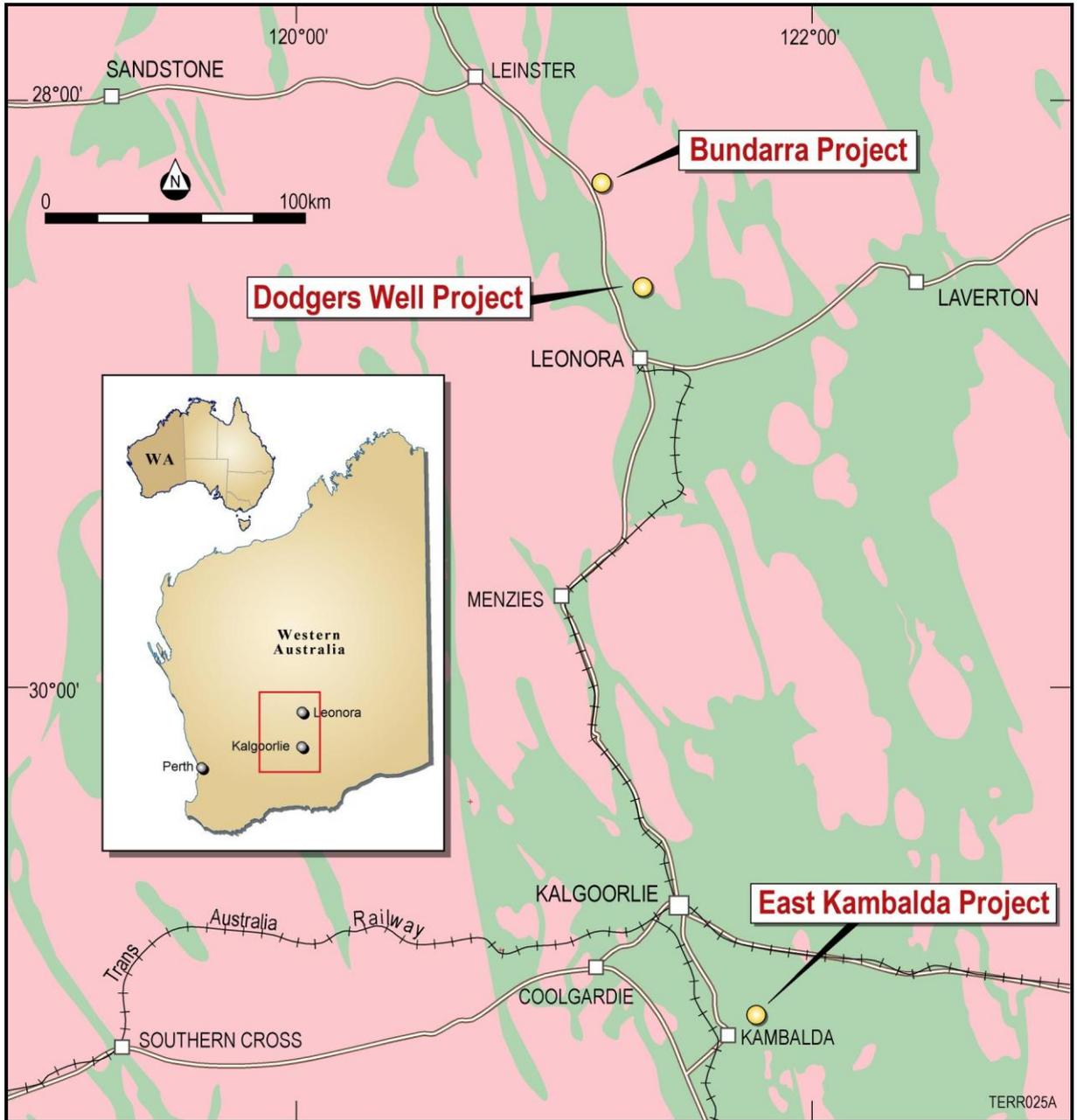




Figure 2: Long Section of Wonder North showing current pit (orange), main +3g/t gold zone (magenta) up to 250m below surface, and satellite lodes (green) to the grid east.

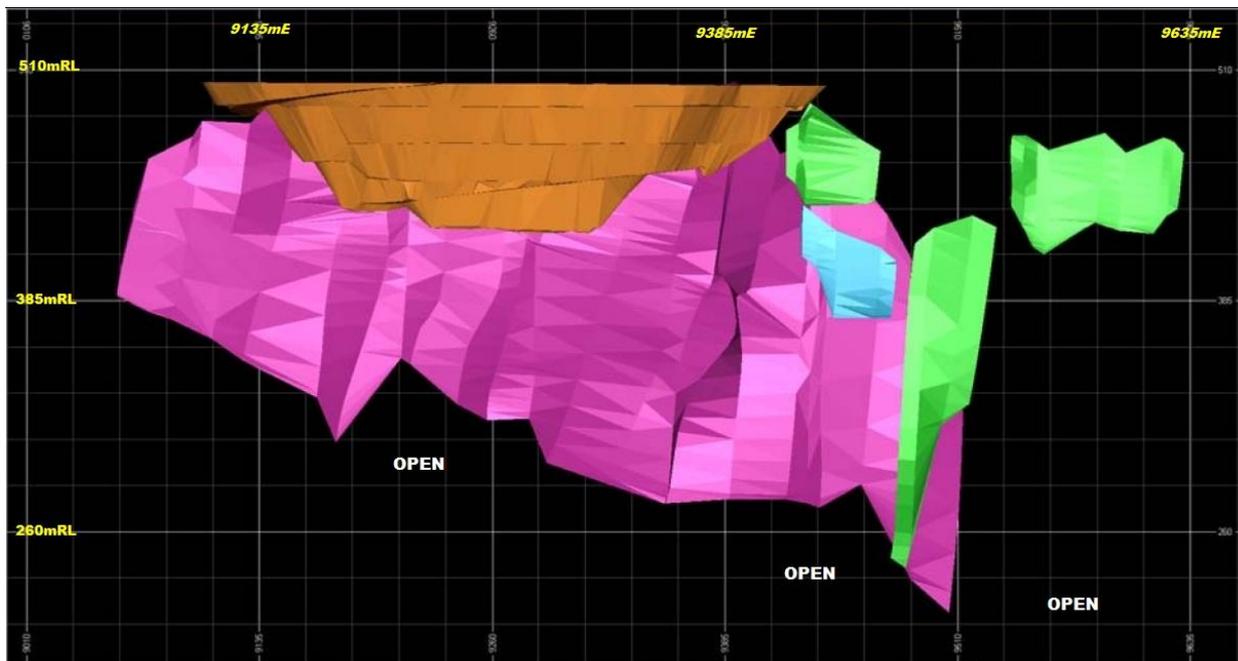


Figure 3: Plan view at 400m RL, showing “kink” in +3g/t gold mineralisation and satellite lodes at the grid eastern end of the Wonder North deposit.

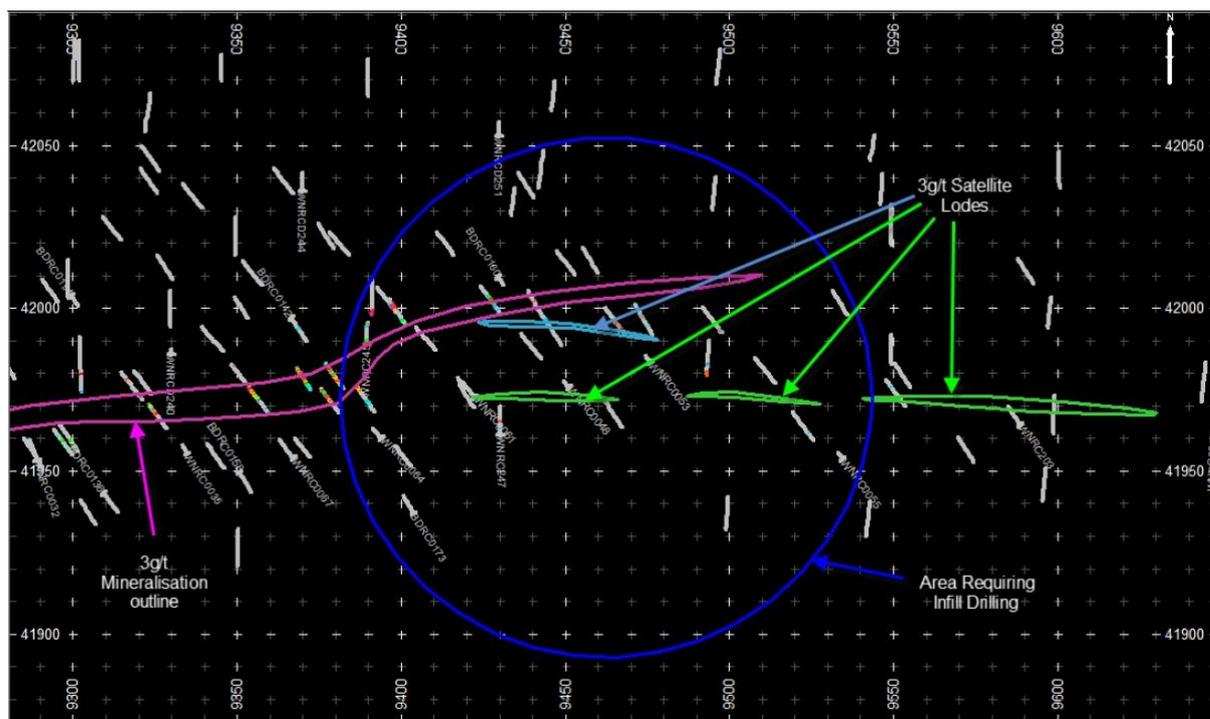


Figure 4: Dodgers Well Drill Hole & Rock Chip Locations

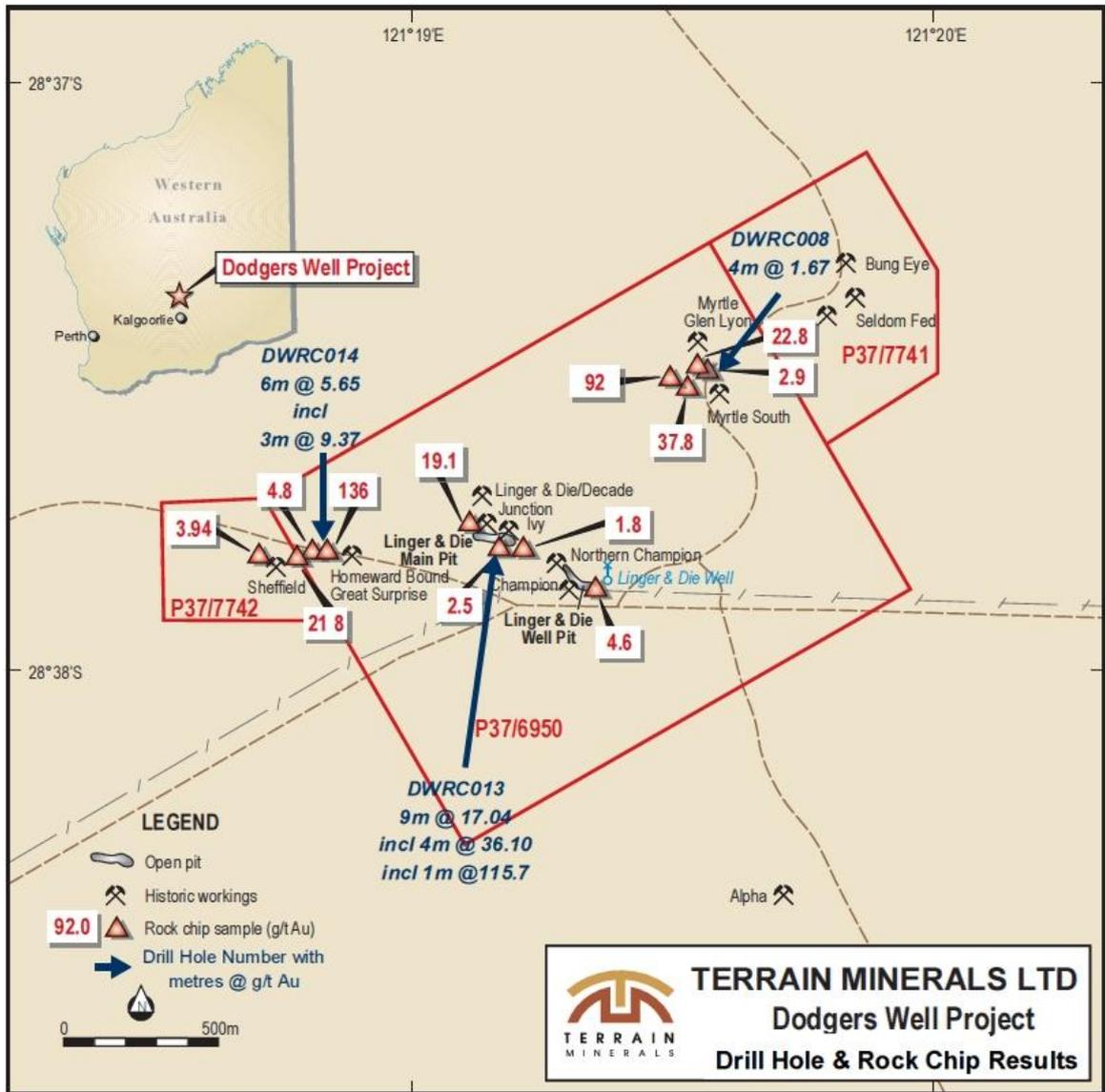


Figure 5: East Kambalda project Location Map

