



**Thursday 27 January 2011  
Company Announcement**

**ASX ANNOUNCEMENT**

ASX CODE: TMX, TMXOA

CAPITAL STRUCTURE

TMX - Shares on Issue 171.74m  
TMXOA - Options on Issue 18.24m  
- Unlisted Options 10.57m

DIRECTORS & KEY MANAGEMENT

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

PRINCIPAL REGISTERED OFFICE

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**CELTIC PIT UPDATE**

Terrain Minerals Ltd ("TMX") is pleased to announce that after the grade control drilling results and the associated new pit design, which takes account of an historic slippage in the old pit, the undiluted mining inventory has increased from 6,600 ounces at a cut off grade of 1.00 g/t gold to approximately 16,800 ounces.

At a cut-off grade of 1.50 g/t gold the new mine inventory is approximately 14,800 ounces.

The new pit design has a bigger cut back and takes the pit deeper, increasing the undiluted ore tonnes to be mined, from approximately 60,000 tonnes to approximately 165,000 tonnes (at a 1.50 g/t gold cut-off).

The expected surplus from these new pit designs varies from \$2.1m up to \$5.0m depending on the costs of mining, treatment and transport. TMX will be negotiating these new parameters with all parties so that this project can continue.

This increase in mineable ounces of gold is outside the current approved mine plan parameters, necessitating new mine plans will have to be approved by the relevant authorities. These plans will be developed and lodged for approval.

This change to the pit design, giving more mineable ounces, is outside the monetary parameters first envisaged for the Celtic pit, making it necessary for TMX to raise further funds. In this regard TMX will arrange an initial placement of approximately 15% of the company's capital and then to arrange a larger placement after an EGM to agree to raise further funds and to further progress this mine development.

TMX will explore all options to arrange finance to develop the Celtic pit. These options may include, for example, joint ventures or other methods to create value for shareholders and to ensure the gold mining projects have sufficient capital to progress satisfactorily.

The current mining operations have been put on hold until TMX finalises the permitting, funding and treatment for the revised mining operations at Celtic.



On behalf of the Board:

*Chris Tomich*

Chris Tomich,  
Managing Director

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## About Terrain Minerals Ltd (ASX: TMX & TMXOA)

TMX is a Perth based exploration company with a number of gold and nickel projects in the Eastern Goldfields of Western Australia, including the advanced gold project at Bundarra.

### Bundarra (60 kms north of Leonora)

TMX has outlined JORC compliant resources of 321,000 oz of gold in a closely related cluster of deposits including: Wonder North, Celtic, Great Western, Bluebush and Black Cat (see resource tables). All the deposits remain open down dip and down plunge. Mining scoping studies, including metallurgical test work, pit optimisations, pit designs and mine scheduling have indicated favourable mining economics with potential cash surpluses of >\$30 million (at a gold price of A\$1,350/oz). The company has also identified a potential for larger mining operations and drill programs are planned to test for extensions to the known deposits as well a number of new drilling targets.

The Celtic Pit has been dewatered, cleaned up, and drilled in preparation for open pit mining.

### East Kambalda (15 kms east of Kambalda)

The Aztec Dome is believed to be an analogue of the nearby Kambalda Dome which hosts a series of high grade nickel sulphide deposits. At the Aztec Dome drilling in December 2009 confirmed the existence of ultramafic rocks with anomalous nickel values associated with high MgO rocks. Trace amounts of nickel sulphide minerals were detected in several drill holes. Two distinct and strong EM conductors have been defined on the eastern edge of the Aztec Dome and further deep drilling is planned to test these encouraging targets as well as several other geological and geophysical targets.

The Coogee gold deposit contains a JORC compliant resource of 277,500t @ 3.9 g/t gold (35,000 oz). A pit optimisation and pit design have been completed and indicate that the resource would support a profitable mining operation. Mining development is currently focused on the Bundarra project and the Coogee deposit has been sold.

### Dodgers Well (30 kms north of Leonora)

The Dodgers Well Mining Centre contains a series of historic gold workings, some with historic production up to 2 oz/t gold. Previous rock chip sampling returned results up to 210 g/t gold. Drilling underneath several workings in mid-2010 returned very encouraging results including 4m @ 36.10 g/t Au (including 1m @ 115.7 g/t gold which re-assayed at 1m @ 220.5 g/t gold) and 3m @ 9.67 g/t gold, both in areas not previously drilled. Followup drilling is planned to further evaluate these encouraging mineralised targets.

## 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.*



### JORC Compliant Resource Table (at 1 g/t gold lower cut-off)

Deposit	Resources	Measured	Indicated	Inferred	Totals
<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>

### Wonder North JORC Compliant Resource Table (at 3 g/t gold lower cut-off)

CLASSIFICATION	TONNES	GRADE g/t GOLD	GOLD OUNCES
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>