



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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Monday 31 January 2011
Company Announcement

QUARTERLY REPORT: DECEMBER 2010

HIGHLIGHTS

BUNDARRA – CELTIC PIT

- Dewatering, cleanup, grade control drilling, block modelling, and pit redesign completed.
- New pit design, for a deeper and larger pit, contains an undiluted mine inventory of approximately 16,800 ounces at a 1.00 g/t gold cut-off (previous design mine inventory was 6,600 ounces).
- New undiluted mine inventory is approximately 14,800 ounces in 165,000 ore tonnes at a 1.50 g/t gold cut-off.
- Potential surplus estimated to be between \$2.1m - \$5.0m depending on final costs.

EAST KAMBALDA – COOGEE DEPOSIT

- New agreement with New Global Mining Ltd to sell the Coogee Gold Deposit for \$1.17m in cash and script (\$400,000 cash and 3,000,000 shares at \$0.25). Cash deposits to the value of \$120,000 received as part of the agreement.

OTHER PROJECTS

- Independent geological consultant review has highlighted the prospectivity of all gold projects, and in particular, the down dip and down plunge extensions of the Wonder North and Great Western deposits.
- Wonder North - flexure in main lode identified during resource estimation – possible “bonanza” location.
- Strong soil anomaly at Craig/Katalina (Black Cat JV) highlighted as prospective - requires drilling.
- Independent review has confirmed the Dodgers Well Project to have good potential for the discovery of near surface gold mineralisation.
- Eastern margin of the Aztec Dome has again been highlighted as a prospective area for blind nickel sulphide mineralisation.



BUNDARRA REGION

Celtic Pit Mining

Dewatering, cleanup, grade control drilling, block modelling, and pit redesign have been completed at the Celtic pit.

Within the 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. Terrain Minerals ("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.

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.

Other Gold Targets

An independent consultant has highlighted the prospectivity of the Wonder North and Great Western deposits...."both of which have significant drilling targets based on predicted down dip and down plunge extensions to known mineralisation over defined strike intervals. These deep targets are considered to offer the greatest probability of improving the underground resource potential of the Bundarra project area." Limited selective deep drilling is recommended for both deposits.

In particular, the down dip and down plunge potential over 220m of strike of the Wonder Shear Zone between 9330 grid east and 9550 grid east at the Wonder North deposit has been highlighted as an attractive drill target. This area contains a flexure zone in the eastern part of the high grade underground resource and is associated with several additional satellite +3 g/t gold lodes. The flexure zone is a good structural target for possible "bonanza" mineralisation.

The high grade resource beneath and along strike from the current Wonder North pit contains an indicated/inferred resource of 96,080 ounces at a grade of 4.8 g/t gold and remains open at depth. One interesting drill intercept on the eastern edge of this high



grade zone is 67m at 2.15 g/t gold (including higher grade zones of +4 g/t) which is open at depth.

At Great Western further drilling at depth is recommended by the independent consultant and a new resource estimation is required at a 0.5g/t gold cut-off which will allow for more continuous definition of mineralised zones.

Once additional funding has been secured a series of attractive gold targets will be progressively tested, including -

Craig-Katalina (Black Cat JV – TMX at 60%, earning to 75%)

- 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 required to increase this resource.

Wonder North Deeps

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

DODGERS WELL PROJECT

Previous 2010 drill intercepts include 9m @ 17.04 g/t gold (including 1m @ 115.7 g/t gold which reassayed at 1m at 220.5 g/t gold) and 6m at 5.65 g/t gold.

The favourable prospectivity of the Dodgers Well Project has been highlighted by an independent consultant review which states that the ...”property is considered to offer good potential for the discovery of near surface gold mineralisation.”

Three conceptual targets for future gold exploration have been defined –

- the granitoid and mafic contact across the main lease;
- the southern extension of the Myrtle Glen Lyon Shear beneath cover and the intersection with the Sheffield Shear;
- extensions to the west-northwest trending Linger and Die Shear and the east-west trending Sheffield Shear.

EAST KAMBALDA PROJECT

An independent consultant review has confirmed that the most prospective part of the Aztec Dome, for blind Kambalda style nickel mineralisation, lies on the eastern margin.

This region has a mixed mafic and ultramafic sequence, including spinifex textured komatiite in one historic hole. Two drill holes in this region contain anomalous nickel and chrome geochemistry as well as traces of nickel-copper sulphides. These sulphides are interpreted to be remobilised from a deeper source.



Two discrete EM anomalies just to the north of the drill holes provide valid exploration targets.

TMX has signed a new agreement with New Global Mining Ltd (“NGO”) to sell the Coogee Gold Deposit for \$1.17m in cash and script.

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 preparing an IPO and expects to list on the Australian Stock Exchange (“ASX”) in early 2011.

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 TMX 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 \$420,000 cash and 3,000,000 NGM shares at \$0.25 and is subject to NGO obtaining conditional approval to be admitted to the ASX by 29 April 2011.

\$100,000 cash payment was previously received as part of an earlier agreement and another \$20,000 deposit has been received on signing of this new agreement. The balance of the cash and 3,000,000 shares are due when NGO lists on the ASX.

CORPORATE

Arrangements are being made for an initial placement of approximately 15% of the company’s capital which will then be followed by a larger placement after an EGM to agree to raise further funds and to further progress the Celtic pit and other projects.

Planned exploration expenditure in the coming quarter is \$54,000. Planned mining expenditure will be dependent on the timing of the upcoming capital raising.

On behalf of the Board:

A handwritten signature in blue ink that reads 'C S 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, drilled, block modeled, and redesigned in preparation for open pit mining.

Black Cat Joint Venture with St Barbara (TMX at 60%, earning to 75%) contains a series of prospective gold drill targets, including an untested strong soil anomaly, 1km long X 160m wide.

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 put up for sale.

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
Bundarra Project					
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
TOTALS	Tonnes	1,095,900	1,355,400	2,509,400	4,960,700
	Grade	2.0	2.4	1.9	2.0
	Ounces	70,900	101,600	148,700	321,200
East Kambalda Project					
Coogee	Tonnes		137,800	139,700	277,500
	Grade g/t		4.12	3.70	3.91
	Ounces		18,250	16,620	34,870
Total Resources					
All Deposits	Tonnes	1,095,900	1,493,200	2,649,100	5,238,200
	Grade	2.00	2.56	1.99	2.10
	Ounces	70,900	119,850	165,320	356,070

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
TOTAL	621,600	4.8	96,080