



Thursday 28 July 2011
Company Announcement

QUARTERLY REPORT: JUNE 2011

ASX ANNOUNCEMENT

ASX CODE: TMX, TMXOA

CAPITAL STRUCTURE

TMX - Shares on Issue 217.98m
TMXOA - Options on Issue 18.24m
- Unlisted Options 56.81m

DIRECTORS & KEY MANAGEMENT

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

PRINCIPAL REGISTERED OFFICE

Terrain Minerals Ltd
ABN: 45 116 153 514

Suite 4, Level 1
230 Rokeby Road
Subiaco 6008
Western Australia

Postal Address
PO Box 1702
Subiaco WA 6904

CONTACT

Alan Coles
Terrain Minerals Ltd
PH: +61 8 9381 5558
Fax: +61 8 9381 5551
WEB: www.terrainminerals.com.au
EMAIL: terrain@terrainminerals.com.au

HIGHLIGHTS

- **A\$8.0m sale of Bundarra Gold Assets announced in July 2011**
- **Appointment of Alan Coles as new Managing Director**
- **Extension of the Zulu Capital \$1.5m Convertible Note to January 2012**

On behalf of the Board:

Alan Coles
Managing Director

Terrain Minerals Ltd ABN: 45 116 153 514

Contact
Telephone: +61 8 9381 5558
Facsimile: +61 8 9381 5551
Email: terrain@terrainminerals.com.au



EAST KAMBALDA

DMP approval was received for a diamond drill programme to be undertaken at Aztec Dome. Preliminary site visits were undertaken.

The proposed programme will drill stratigraphic holes to prove the geological sequence is similar to the nearby Kambalda Dome where the first nickel sulphide ore deposit in Australia was discovered in 1967.

BUNDARRA SALE

A Heads of Agreement with S R Mining Pty Ltd was announced on 22 July for the sale of Great Western and the Bundarra Gold Assets for A\$8.0m by way of cash and ongoing income.

The Agreement includes:

- A\$1.3m cash 3 days after TMX shareholders give approval
- A\$0.7m cash when first gold produced or 1 year after receipt of initial payment
- 1.0 grams/ounce produced up to a total value of A\$6.0m with a minimum payment of A\$600,000 per year

Total value A\$8.0m equates to 3.7 cents per share.

A caveat will be held by TMX until full payment is received and if leases are on sold, full payment of the A\$6.0m remainder will become due.

A formal contract is to be agreed and completion will be subject to shareholder and regulatory approval. A shareholder meeting to approve the transaction is anticipated in September.

COOGEE

The Coogee Gold Deposit has remained on the market for sale. Expressions of interest are currently being evaluated.

DODGERS WELL

Evaluation of the possible sale or joint venture of Dodgers Well is currently being undertaken.

BLACK CAT JV

Further exploration at the Black Cat JV to increase its value is planned to continue.

CORPORATE

Appointment of new Managing Director

Mr Alan Coles was appointed the new Managing Director of Terrain Minerals and replaced Chris Tomich.

Mr Coles is a qualified geologist and mining engineer with over 30 years experience in the mining industry.



Alan has worked in South Africa and Australia which has culminated in extensive management and operational experience in gold, base metal and coal operations resulting in an in-depth knowledge of the mining industry.

Alan has been directly involved in the operational development and management of numerous mining operations and responsible for all facets of operating procedures for exploration, environmental controls, ore processing and mining.

Alan has held senior executive roles with Bendigo Mining, Dominion Mining and Wesfarmers. Some of Alan's work has included the commissioning of the Tritton Copper Mine in NSW and development of the new Premier Coal Mine in Western Australia.

Convertible Note

The Zulu Capital Limited Convertible Note was formally extended 8 months to January 2012. The terms for the conversion were agreed by shareholders on June 2012 and are in line with the terms of the last capital raising.

The convertible price of the shares is \$0.023 per share, with a free attached option priced at \$0.05 per share.

Zulu has the right to convert the \$1.5m to shares in multiples of 250,000 to a maximum of 20% of TMX issued capital.

TMX will undertake a further capital raising to undertake work at Aztec Dome.

Future Direction

Following the sale of the Company's Bundarra Gold Assets for a total of A\$8.0m the company will concentrate its exploration for nickel at Aztec Dome project in East Kambalda. Work at Black Cat JV to increase its value, will also be undertaken.

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.

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. The Coogee deposit has been put up for sale.

Black Cat Joint Venture

The Black Cat Joint Venture with St Barbara (TMX at 60% earning 75%) contains a series of prospective gold targets. The site has an untested soil anomaly 1 km long and 160 m wide, directly along strike from the old Craig workings. Drill targets exist below the old workings at Garden Well, Craig and Katalina.

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. The project is being evaluated for possible joint venture or sale.

Bundarra

A Heads of Agreement to sell the Bundarra Gold Assets for a total of A\$8.0m in cash and ongoing income from gold produced was announced on 22 July 2011.

Competent Persons Statements

The information in this report that relates to Exploration Results is based on information compiled by Mr Alan Coles, who is a full time employee of Terrain Minerals Ltd. Mr Coles is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) 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 Coles 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 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 estimates (reported at both 0.5 and 1g/t gold cut-off) for the Bluebush and Great Western deposits at Bundarra were completed by consultant Mr. Peter Ball of DataGeo Geological Consultants, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) 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.

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.



